P84/10

NOMINATION TO BE A MEMBER OF THE POSTAL RATE COMMISSION AND NOMINATIONS TO BE GOVERNORS OF THE U.S. POSTAL SERVICE

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

NOMINATIONS OF JANET DEMPSEY STEIGER, TO BE A MEMBER OF THE POSTAL RATE COMMISSION; TIMOTHY L. JENKINS, PAULA D. HUGHES, AND DAVID E. BABCOCK TO BE GOVERNORS OF THE U.S. POSTAL SERVICE

JULY 28, 1980

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NOMINATION TO BE A MEMBER OF THE POSTAL RATE COMMISSION AND NOMINATIONS TO BE GOVERNORS OF THE U.S. POSTAL RATE SERVICE

MONDAY, JULY 28, 1980

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C.

The committee met at 10:05 a.m. in room 3302, Dirksen Senate Office Building, Hon. John Glenn presiding.

Present: Senators Glenn and Durenberger.

OPENING STATEMENT OF SENATOR GLENN

Senator GLENN. The hearing will be in order.

The Committee on Governmental Affairs is holding a hearing today to consider three nominations to the Board of Governors of the U.S. Postal Service and one nomination to the Postal Rate Commission. The Board nominees, David E. Babcock, Paula D. Hughes, and Timothy L. Jenkins and the nominee for the Postal Rate Commission Janet Steiger, have filed responses to a biographical questionnaire and have answered prehearing questions submitted by the committee. These are very extensive questions, I am sure they would agree, so at today's hearing we will summarize and ask a few additional questions. I don't want anyone to think we are passing this over lightly and not asking all the proper questions. An extensive questionnaire was submitted in advance and is available for review in room 3308, Dirksen Senate Office Building. It will be made a part of the hearing record.[1]

[The biographical information and responses to prehearing questions requested of the nominees follow:]

[1] The financial information is retained in committee files and available for public inspection.

BIOGRAPHICAL INFORMATION OF JANET D. STEIGER

A. Biographical Information

1. Name: (Include any former names used.)
Janet D. Steiger (Mrs. William A. Steiger)
Janet Mary Dempsey (maiden name)

2. Address: List current residence address and mailing address.
Legal residence for voting purposes:
1500 Jackson St.
Oshkosh, Wisconsin 54901

Local residence and mailing address:
323 Constitution Ave., N.E.
Washington, D.C. 20002

3. Date and Place of Birth.
Oshkosh, Wisconsin
June 10, 1939

4. Marital Status: (Include maiden name of wife or husband's name.)
Widow of William A. Steiger

5. Names and ages of children.
William Raymond Steiger (Billy)
10

6. Education: List institution(s), dates attended, degree received and date degree granted.

Oshkosh High School	Oshkosh, Wisconsin	9/64 - 6/57	diploma	6/57
Lawrence College	Appleton, Wisconsin	9/57 - 6/61	B.A.	6/61
Reading University	Reading, England	9/61 - 6/62		
University of Wisconsin	Madison, Wisconsin	9/62 - 6/63	Teaching	
University of Wisconsin	Oshkosh, Wisconsin	summer/63	Certificate	9/63

7. Employment record: List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

9/76-present	The WorkPlace 1302 18th St., N.W. Suite 203 Washington, D.C. 20036	Vice-president managerial/ administrative duti
8/78-11/79	National Academy of Public Administration 1225 Connecticut Ave., N.W. Washington, D.C. 20036	Research associate under contract
10/77-4/78	American Bar Association 1800 M Street, N.W. Washington, D.C. 20036	Research/writing under contract

READEX FICHE

7/78 only	American Association of Junior and Community Colleges 1 DuPont Circle Washington, D.C. 20036	Consultant for preparation of executive summary of major study

Between 1967/January and 9/1977 I was not employed for pay. Served as a volunteer in the office of William A. Steiger, U.S. House of Representatives. Involved in legislative research, speechwriting and constituent service.

9/64-6/65	University of Wisconsin Extension Division Lake Street Madison, Wisconsin	Editorial work on compilation of manual for juvenile law enforcement personnel
1966	Office of the Governor State of Wisconsin Madison, Wisconsin	Assistant to Governor legislative aide duri Assembly sessions
1964-65(intermittent)	Oshkosh School System Oshkosh, Wisconsin 54901	substitute teacher
1/63-6/63	Fond du Lac School System Fond du Lac, Wisconsin	intern teacher

8. Government experience: List any experience in, or association with Federal, state or local governments, including any advisory, consultative, honorary or other part-time service or positions.

None, except as noted in above job descriptions.

9. Business Relationships: List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational, or other institution.

Vice-President, The WorkPlace. The WorkPlace is a small sub-chapter S corporation offering space and services to freelance professionals.

Partner, Steiger Farms Steiger Farms is a wholly family owned orange grove in the State of Arizona. See net worth statement.

10. Memberships: List all memberships and offices held in professional, fraternal scholarly, civic, charitable and other organizations.

International Neighbors Club IV
Capitol Hill Restoration Society
Paine Art Center Board, Oshkosh, Wisconsin

11. Political affiliations and activities: List all offices with a political party or any public office for which you have been a candidate. List all memberships and offices held in or financial contributions and services rendered to all political parties or election committees during the last ten years.

As the wife of a Republican legislator, I have been active as a volunteer in a variety of campaigns from the local to the national level. The majority of such activity involved my husband's campaigns.

Most recently, I served as the co-chair of the Wisconsin Bush for President campaign.

My husband was a regular contributor to Republican candidates for public office, although I have no record of the amounts of such contributions. Independently, I contributed $100 to the Bush for President campaign this year, and made several trips for speaking engagements on behalf of that effort.

12. Honors and Awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievements.

Mortar Board
Phi Beta Kappa
Fulbright Scholarship
Woodrow Wilson Scholarship

Recently elected to serve on the board of the National Juvenile Diabetes Foundation

13. Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Harold Orlans, Nora Jean Levin, Janet D. Steiger, and Joseph G. Colman, GI Course Approvals, Senate Committee Print No. 16, 96th Congress, 1st Session, October, 1979.

Nora Jean Levin and Janet D. Steiger, To Light One Candle: A Handbook for Organizing, Funding and Maintaining Public Service Activities, American Bar Association, April, 1978.

National Academy of Public Administration, Major Alternatives for Government Policies, Organizational Structures, and Actions in Civilian Nuclear Reactor Emergency Management in the United States, NUREG/CR-1225, January, 1980. (Note: Section IV was the responsibility of Nora Jean Levin and Janet D. Steiger)

14. Speeches: Provide the Committee with two copies of any formal speeches you have delivered during the last five years which you have written copies of and which are on topics relevant to the position for which you have been nominated.

None were relevant to this position. However, copies of Congressional testimony is attached because of question 4 D relating to activity to influence legislation.

15. Selection: a. Do you know why you were chosen for this nomination by the President:

b. What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment:

a. I presume because my name and qualifications were brought to the President's attention by various members of Congress.

b. As my role in recent studies as diverse as education and crisis management indicates, I have strong analytical skills and am trained in the research, synthesis and evaluation of both legislative and public policy issues. I have gained economic and administrative experience as the co-founder of a successful small business, and a deep commitment to independent and unbiased public service through many years of political and legislative volunteer effort.

C. Future Employment Relationships:

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

Yes.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, please explain.

No.

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3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

No.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

Yes.

D. Potential Conflicts of Interest

1. Describe all financial arrangements, deferred compensation agreements, and other continued dealings with business associates, clients or customers.

None. I do not own any stock in The WorkPlace, and that business has no pension plan, nor any deferred compensation plan of any kind.

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

None.

3. Describe any business relationship, dealing or financial transaction which you have had during the last ten years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None.

4. Describe any activity during the past ten years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

a. Broadly interpreted, I would presume a fair portion of my activities during the 15 years I was a politician's wife would come under one of these categories. During my husband's three terms in the State of Wisconsin Assembly, and his six terms in the U.S. House of Representatives, I served as an active campaigner, volunteer speechwriter and speechmaker on a wide variety of political and legislative issues, assisted with the preparation of newsletters to constituents, drafted position papers and responses to constituent inquiries, and researched and analyzed innumerable legislative and public policy issues.

(See also response to A 14. Speeches and congressional testimony.)

b. I served as the state co-chairman of the George Bush for President Campaign in Wisconsin. With the withdrawal of Ambassador Bush from active contention for the Republican nomination, I presume this question becomes moot.

c. Various research projects may have had, or potentially could have some impact on legislation and public policy. CI Course Approvals (Harold Orlans, Nora Jean Levin, Janet D. Steiger, and Joseph G.Colmen Senate Committee Print No. 16, October, 1979) contained extensive findings. While recommendations were the responsibility of the Veterans' Administration, it might be expected that the findings could have some influence.

Major Alternatives for Government Policies, Organizational Structures and Actions in Civilian Nuclear Reactor Emergency Management in the United States (NUREG/CR-1225, Dr. James Carroll, Director, Jean Levin and Janet Steiger, Research Associates) also made extensive recommendations, some involving legislative remedies. However, the recommendations, in the main, were the responsibility of Dr. Carroll and the panel. Our section, section IV, p. 109 did serve as the basis for some of the recommendations in sections I and II.

A synthesis prepared for the American Association of Community and Junior Colleges and the American Vocational Association also contains legislative and policy recommendations which were the sole responsibility of the project Director, David S. Bushnell. Although I doubt that either this effort, or our book for the American Bar Association have any great relevance to this question, I append both along with the two major studies for your information.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

In the event potential conflict is suggested by any financial holdings, I presume divesture is the appropriate action. With regard to research activities, I would, if requested, agree to take no part in Congressional hearings or other public forums that might result from these publications.

6. Do you agree to have written opinions provided to the Committee by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any other legal barriers to your serving in this position?

Yes.

E. Legal Matters

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. Have you ever been investigated, arrested, or charged or held by any federal, state or other law enforcement authority for violation of any federal, state, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No.

4. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

No.

6. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

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AFFIDAVIT

I, Janet D. Steiger, do swear that the information provided in this statement is, to the best of my knowledge, true and accurate.

June 9, 1980
(DATE)

Janet D. Steiger
(NAME)

(Notary)

My Commission Expires Feb. 28, 1982

PREHEARING QUESTIONS
JANET DEMPSEY STEIGER
NOMINATED TO BE A COMMISSIONER
OF THE POSTAL RATE COMMISSION

I.

Nomination and Potential Conflicts

Question 1: How were you selected to be nominated to serve as a Postal Rate Commissioner?

The selection process proceeded from recommendation to interview and then to exhaustive investigation of character, background and financial records all of which is, I presume, required for any nomination at this level.

Question 2: Were any conditions, expressed or implied, attached to your nomination to be a Postal Rate Commissioner?

No.

Question 3: The Commission on Postal Service in its 1977 Report recommended that Postal Rate Commissioners be chosen on the basis of their professional qualifications in postal affairs, law, economics or utility regulation. Please compare your own qualifications with those recommended by the CPS.

Each of the qualifications are valuable as are others not listed which could provide significant contributions from the public. A Commission composed totally of technicians could create a focus too narrow to encompass the public interest. As a researcher without specific ties to postal matters, I bring unprejudiced skill and experience in the identification, analysis and synthesis of complex legislative and public policy issues, many of which involved the creation and impact of government regulations. Years of volunteer political service have given me an understanding of the concerns of the public, the complexities of the interrelationships of government and the people, and a commitment to unbiased public service. Finally, my role in the founding and management of a small women's owned business has given me a solid grounding in economic reality, if not in theory.

Question 4: Have you made any specific commitments with respect to the basic policies and philosophy which you will follow while a member of the Postal Rate Commission? If so, please describe these commitments.

No.

Question 5: Concerning this nomination, did you have any meetings or discussions with persons representing interests subject to Postal Rate Commission regulation? If so, please provide details of those discussions and meetings.

No.

Question 6: To your knowledge, did persons representing interests subject to Postal Rate Commission regulation actively support or endorse your appointment? If so, please provide details of those activities.

No.

Question 7: Is there any issue currently under consideration by the Postal Rate Commission, or any which may come under consideration, from which you may have to disqualify yourself? If so, please be specific.

No.

Question 8: Do you have any interest in any corporation, partnership, association or other entity which is a significant user of the mails or whose interest may be effected significantly by the levels of postage rates or levels of postal service?

No.

Question 9: Since your nomination, how have you been preparing yourself for the position as a Postal Rate Commissioner?

I have researched as much as possible the extensive public record on postal issues -- relevant legislation, House and Senate committee reports and hearings, court decisions, the federal statutes, and government reports on the PRC and the Service -- with a particular focus on past and present issues facing the Service and the Commission.

II.

Role and Responsibilities of Position to Which Nominated

Question 1: What do you believe are the most important responsibilities of the position to which you are nominated and what challenges do you believe will be presented?

All of the statutory responsibilities delegated to the PRC must be regarded as important, but rendering recommended decisions on changes in postal rates or classification schedules is primary. Setting fair and equitable rates in the public interest while insuring adequate revenues to the Service is the major ongoing challenge facing the Commission. Inseparable from this challenge is the continuous process of refinement of costing methodology to establish as rational as possible a data base for decisions.

Question 2: What organizational changes, if any, do you believe should be implemented by the Postal Rate Commission?

I am not sufficiently familiar with the internal organization of the PRC to respond to this question at this time.

Question 3: What do you see as the proper relationship between yourself and the other Commissioners?

Each Commissioner functions as an independent member of a collegial body. Careful and courteous consideration must be given to the views of all Commissioners on important Commission decisions. In addition, it is essential that a spirit of cooperation be fostered by all if the Commission is to fulfill its shared obligation to expedite the public business before it.

Question 4: What improvements do you believe can be made in the operations of the Commission?

I think this is answered in question III.5. In general, I would support efforts to streamline Commission operations consistent with the preservation of the public's right to comment and/or protest.

III.

Role of the Postal Rate Commission

Question 1: The Postal Rate Commission is an independent agency. What do you see as the proper relationship between such an agency and the President and the Congress?

The PRC should be aware of the concerns of the Congress as representatives of the public, fully responsive to the requirements of the Congress in its oversight role and equally aware of the pertinent policy initiatives of the executive. However, Commission decisions must be based on the record and must remain independent judgments. Adherence to ex parte requirements should be observed in all relationships with either branch.

Question 2: How do you envision the role and functions of the Postal Rate Commission, its responsibilities to the public, and its relationship to the postal service?

The role, functions and public responsibilities of the PRC are defined by the statute and it must perform such duties in accordance with all of criteria which Congress has or may establish. It is understandable that some areas of friction arise between a regulated agency and its regulators. The Service has complained of PRC intrusion into areas of management and the PRC has faulted the Service for inadequate or untimely response to requests for data. Continuously fair and open-minded attention to such concerns should be the hallmark of the relationship between the Service and the PRC. As noted in another response, avenues for increased cooperation to simplify the regulatory process have been suggested and seem worth consideration.

Question 3: Do you believe that the Postal Rate Commission should be funded directly through congressional appropriation? If so, why? To what extent do you believe the current method of funding impairs the independence of the PRC?

Yes. While the precedent for the current method of funding is well established -- mail users, like utility users, should bear the cost of regulation via revenue from rates -- the PRC is unique. It is the only federal agency which has as its sole statutory obligation the regulation and oversight of another federal agency. Although the arrangement is said to have worked reasonably well with only one major budget disagreement in the past, there are potential problems with a single regulated entity providing the budget for the agency which regulates it. The public's perception of the PRC's independence would be enhanced by putting its budget under the Congressional appropriations process.

Question 4: Do you believe that the Postal Rate Commission should have final decision-making authority over rates and mail classification matters? What affect would such authority have on the Postal Rate Commission and the Board of Governors of the Postal Service?

As is the case with other regulatory agencies, the decisions of the PRC on rates and mail classification matters should be final and subject only to judicial review. The Governor's review power, which is limited (according to sponsors of the Postal Reorganization Act of 1970, it was the intention of Congress to make it extremely difficult for the Governors to modify PRC recommendations) and in turn subject to judicial review, seems an unnecessary and time consuming third layer in the regulatory process. While the change would increase the authority of the PRC to some degree the public would still be protected from PRC errors by the courts. The Governors would continue to provide significant service by reviewing and authorizing requests for changes in rate and mail classifications and by bringing independent views and judgments on postal matters to the Service management.

Question 5: What shortcomings do you see either in the law establishing the Postal Rate Commission or in the record of the Commission? How do you expect to address these deficiencies?

Many identifiable shortcomings have been corrected either through legislation or change in Commission procedure: for example, the use of Commission members as hearing officers in place of an administrative law judge; establishment of a time limitation for decisions on rate proposals; and provisions for a PRC review role in decisions to close small post offices. As noted in other responses, I think the current method of funding and lack of final review authority remain as deficiencies.

The most frequent complaint about the PRC involves the length of time taken to render opinions. While the Commssion is required to hold hearings under the provisions of the Administrative Procedures Act, several suggestions for improvement have been offered. In particular, the use of Notice and Comment procedures in place of full evidentiary hearings for non-controversial classification changes of a minor or technical nature, and proposals to request, in cooperation with the Service, authority to use rulemaking processes for temporary implementation of experimental services should be considered.

Commission members have requested the right to self-representation by the Commission in court proceedings, and this seems reasonable, particularly in cases where the interests of the Service and the PRC may differ.

Question 6: How do you believe the public interest in maintaining current postal service levels should be balanced with the costs of continuing these services?

I think the underlying issue here is one of public policy and remains a Congressional determination. However, the question raises the challenge noted earlier in question II.1. In answering the mandates of the court, the concerns of the Congress and the needs of the public, the Service and the Commission bear a shared obligation to establish an adequate cost data base

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for such decisions. Where the question of subsidies does not apply, I generally favor fair payment for service by users of the service.

IV.

Postal Service Operations

Question 1: Do you question the need for any service currently provided by the Postal Service? If so, please explain.

The House Committee has noted that the Service is caught between two conflicting goals -- to balance costs and to provide services that the law mandates and the people demand. From a strictly economic view, I suppose any service that creates a deficit could be questioned. However, many of these services are part of the long precedented "public service" aspects of the postal system. The continuation of services which create economic burdens seems to me a policy judgment which should be the responsibility of the Congress since it must determine the level of subsidy, if any, for such services.

The advisory role provided for the PRC on questions of major national service changes seems appropriate.

Question 2: Do you believe that the goal of the self-sustaining Postal Service is realistic? Please explain.

While the goal of a self-sustaining Service should not be abandoned, the current outlook is bleak. As noted, Congress has supported specific subsidies in the public interest, and the Service has been particularly hard hit by recent inflationary pressures.

Question 3: What do you believe the role of the Postal Service should be in the area of electronic mail and how do you view the role of the Postal Rate Commission in such matters? Also, do you believe that the PRC and the Federal Communications Commission should share jurisdiction over this issue?

I believe it has been established that entry of the Service into the area of electronic mail is in the interest of both the public and the Service. I think, however, it is inappropriate for me to comment more specifically pending final action by the Governors on the Commission's E-COM recommendations.

Regarding jurisdiction, the Administration's position that the FCC should regulate the electronic transmission portion of E-COM and the PRC should regulate the pricing of mail delivery seems reasonable. Since the Service's challenge to the FCC's assertion of total jurisdiction over its originally proposed system is still pending in the courts, I would, however, reserve judgment. Many have suggested that the entry of the Service as a carrier would complicate the jurisdictional question. Even if this is the case, the issue can be sorted out when it arises and should not hinder the Service from implementing such proposals as the Governors finally approve.

Question 4: Do you believe that Congress should have an increased role in decisions involving postal rates and services?

The Congress, in my opinion, wisely established the PRC as a regulatory agency independent of both the executive and legislative branches. Through the provision of detailed statutory criteria, Congress required the PRC to insure changes in rates and classifications meet the needs of the Service and the mailing public, based on independent review of the record. Congress, as it sets public policy, provides direction to the PRC on these matters and also maintains a strong influence through its oversight role of both the Service and the Commission. Were the Congress to return to a direct role in rate and classification determinations, I am afraid these issues would once again be subject to severe political pressures.

V.

Relations With Congress

Question 1: Do you agree without reservation to appear and testify before any duly authorized committee of the Congress?

Yes.

BIOGRAPHICAL INFORMATION OF DAVID E. BABCOCK

A. Biographical Information:

1. Name - David Edward Babcock

2. Address - 38839 Spanish Boot Road, P. O. Box 2089
Carefree, Arizona 85377.

3. Date and Place of Birth - November 14, 1914
Manitowoc, Wisconsin

4. Marital Status - Married.

5. Names and ages of children - David E. Babcock, Jr., Age 43; Michael J. Babcock, Age 40; Mary Christine Babcock, Age 38.

6. Education - Graduate Holcomb High School, Holcomb, Kansas.

7. Employment Record -

Security Investigation Data - Attachment # 1.

8. Government Experience - None, other than Military Service.

9. Business Relationships -

Security Investigation Data - Attachment # 2.

10. Memberships -

Security Investigation Data - Attachment # 2.

11. Political Affiliations and Activities - No offices held in any party. Have never been a candidate for any political office. A list of political contributions, as well as I can reconstruct them is attached. (Attachment # 3.)

12. Honors and Awards -

a) Legion of Merit - U.S. Army.

b) Bnai Brith - Industry Man of the Year.

c) Flame of Truth Award for Higher Education.

13. Published Writings - Nothing of major importance.

14. Speeches - None relevant to this position.

15. Reason for nomination - I have been recommended by the retail industry because of my management background and experience.

Attachment # 1

16. HAVE YOU EVER BEEN DISCHARGED FROM THE ARMED FORCES UNDER OTHER THAN HONORABLE CONDITIONS? ☐ YES ☑ NO
(If answer is "Yes," give details in Item 18.)

15. EMPLOYMENT. (List all employment dates starting with your present employment. Give both month and year for all dates. Show all dates and addresses when unemployed. Give names under which employed if different from name now used.)

FROM	TO	NAME OF EMPLOYER (Firm or agency) AND SUPERVISOR (If self-employed, IF Military)	ADDRESS (Of firm or employer)	TYPE OF WORK	REASON FOR LEAVING
3/67	Present	The May Dept. Stores Co.	611 Olive Street St. Louis, MO	Chairman of the Board	Still employed (Retired May 1, 1978)
1/51	3/67	The Dayton Co.		Personnel Director	To accept position with May Co.
1/49	1/51	Brown Dunkin Dept. Stores		Store Supt.	To accept position w/Dayton Co.
9/47	1/49	Gladdings Dept. Store		Store Supt.	To accept position w/Brown Dnkn
10/45	9/47	Remington Rand, Inc.		Personnel Assistant	To accept position w/Gladdings
1/36	10/45	U. S. Army		Held all ranks - Pvt. thru Major	Honorably discharged
5/32	1/36	Miscellaneous employment		Laborer, etc.	

18. HAVE YOU EVER BEEN DISCHARGED (FIRED) FROM EMPLOYMENT FOR ANY REASON? ☐ YES ☑ NO

17. HAVE YOU EVER RESIGNED (QUIT) AFTER BEING INFORMED THAT YOUR EMPLOYER INTENDED TO DISCHARGE (FIRE) YOU FOR ANY REASON? ☐ YES ☑ NO
(If your answer to 16 or 17 above is "Yes" give details in Item 18. Show the name and address of employer, approximate date, and reasons in each case. This information should agree with the statements made in Item 15—EMPLOYMENT.)

19. HAVE YOU EVER BEEN ARRESTED, TAKEN INTO CUSTODY, HELD FOR INVESTIGATION OR QUESTIONING, OR CHARGED BY ANY LAW ENFORCEMENT AUTHORITY?
(You may omit: (1) Traffic violations for which you paid a fine of $30 or less, and (2) anything that happened before your 16th birthday. All other incidents must be included, even though they were dismissed or you were duly forgiven collateral.) ☐ YES ☑ NO

IF YOUR ANSWER IS "YES," GIVE FULL DETAILS BELOW:

DATE	CHARGE	PLACE	LAW ENFORCEMENT AUTHORITY	ACTION TAKEN

Attachment # 2

EXHIBIT 7
TO
SECURITY INVESTIGATION DATA FOR SENSITIVE POSITION
STANDARD FORM 86

#24 - Membership in Other Organizations

Name, Address and Type	From	To	Office Held
The May Department Stores Company 611 Olive Street St. Louis, Missouri 63101 (retail department stores)	3/67	Present	Chairman of the Board and Director Retired May 1, 80 now a director only
Del E. Webb Corporation 3800 North Central Avenue Phoenix, Arizona 85012 (leisure, real estate & construction)	6/78	Present	Director
The Bankers Life Company 711 High Street Des Moines, Iowa 50309 (insurance)	4/79	Present	Director
First Union Bancorporation 510 Locust Street St. Louis, Missouri 63101 (banking)	4/76	Present	Director
First National Bank in St. Louis 510 Locust Street St. Louis, Missouri 63101 (banking)	9/74	Present	Director
Corroon & Black of St. Louis 745 Old Frontenac Square St.Louis, Missouri 63131 (insurance brokers)	10/79	Present	Member of Advisory Council
American Retail Federation 1616 H Street, N. W. Washington,D. C. 20006 (retailers' trade organization)	5/68	Present	Vice Chairman
The Lindenwood Colleges St. Charles, Missouri 63301 (private liberal arts college)	10/77	Present	Trustee
St.Luke's Hospitals 5505 Delmar Boulevard St. Louis, Missouri 63112 (acute-care hospitals & medical center)	9/75	Present	Trustee

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#24 - Membership in Other Organizations (continued)

YMCA of Greater St. Louis 1528 Locust Street St. Louis, Missouri 63103 (community service)	12/74	Present	Director
United Way of Greater St. Louis 915 Olive Street St. Louis, Missouri 63101 (community service)	4/78	Present	Director

Attachment # 3

Political Contributions

1979

Comm. for Election of Dwight Warren	$ 50
Missouri Republican State Committee	25
Eagleton Campaign Committee	400
Friends of Kit Bond	500
Connally for President	100
Friends of Kit Bond	500
	$ 1,575

1978

Conway for Mayor	$ 500
Republican Nat'l Party	35
Scaglia Testamonial Dinner	100
McNary for Supervisor	200
Franke for Congress	300
MO State Rep. State Committee	30
O'Neal for Public Office	50
First Nat'l PAC	50
Missouri for Antonio	200
Campaign for Tom Dittmier	100
Campaign Comm. for GMC	100
Committee to Re-elect Rothman	100
Rep. Nat'l Comm.	25
	$ 1,790

1977

Conway for Mayor	$ 500
Republican National Committee	30
Missouri Republican Finance Committee	100
Democratic National Committee	500
	$ 1,130

1976

Rabbitt Campaign Fund	$ 200
Pres. Ford Committee	500
Joseph L. Badaracco	100
Danforth for Senate Committee	300
Committee to Elect Jerry King	20
Snyder for Congress Committee	100
	$ 1,220

1975 - None.

Political Contributions (continued)

1974		
	Missouri Republican Finance Committee	$ 25
	Republican National Committee	25
	Lawrence K. Roos Community Dinner	50
	Citizens for Tom Eagleton	100
	Citizens for Gene McNary	100
	Citizens for Howard Ohlendorf	50
	Alfred J. Fleischer, Mo. Republican Fin. Comm.	25
	Ohlendorf for Congress	25
	Missouri Republican Finance Committee	100
	Missouri Republican Finance Committee	25
	Jack Travers Re-election Committee	25
		$ 550
1973		
	Republican National Finance Committee	$ 225
	Badaracco for Mayor Committee	100
	Cervantes for Mayor Committee	100
		$ 425
1972		
	Republican National Finance Committee	$ 25
	King for Governor Committee	100
	Citizens for Muskie Campaign	200
	Carp for State Treasurer	50
	Badaracco for Lt. Governor	100
	Teasdale for Governor Committee	100
	Tony Heckemeyer	100
	Grand Old Party - Carnival '72	75
	Funsch for Congress	100
	Nixon Victory - '72 Committee	100
	Bond for Governor Committee	100
	Robert Hillard, Treas., Committee to elect John Poelker	1,000
		$ 2,050
1971		
	Republican National Committee	$ 25
	Godfrey for Lt. Governor Committee	100
		$ 125
1970		
	Lenore K. Sullivan Campaign Committee	$ 100
	Citizens Committee, Symington for Senator	100
	Citizens Committee, Symington for Congress	100
	Roos for Supervisor Committee	100
	Citizens for Danforth Committee	100
		$ 500

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C. Future Employment Relationships.

1. Connections with present firms -

I am retired. I expect to retain my directorships for the periods indicated. I also do a small amount of consulting with small firms.

2. Agreement to pursue outside employment - See # 1 above.

3. Committments after completing Government Service - None.

4. Committments to employ my service - None.

5. Will I fill out my term if appointed? - Yes.

D. Potential Conflicts of Interest.

1. Financial arrangements with clients, customers, etc.

None other than those listed in previous questions.

2. Investment conflicts - None.

3. Business relationships which present possible conflict - None.

4. Activity influencing passage, defeat, etc. -

Only as related to my membership and that of my company in American Retail Federation which is the lobbying arm of the Retail Industry.

5. Conflict of interest problems while serving -

If any conflict should arise I would disqualify myself from participating in any discussion or vote concerning the subject.

6. Written opinions to committee - Yes.

E. Legal Matters

1. Personal history of any discipline - None.

2. Investigation for violations - None.

3. Civil Litigation -

Only as involved as an officer/director of my company in legal matters.

4. Convictions - None.

5. Other information - I can't think of anything which would be of assistance to the committee.

AFFIDAVIT

I, David E. Babcock, do swear that the information provided in this statement is, to the best of my knowledge, true and accurate.

June 4, 1980 (DATE)

David E Babcock (NAME)

State of Arizona)
) ss.
County of Maricopa)

Before me, a Notary Public, personally appeared Mr. David E. Babcock, and signed this document in my presence, this 4th day of June, 1980.

Maxine Lyman (Notary) Maxine Lyman

My commission expires December 31, 1981

Prehearing Questions for

David E. Babcock

Nominated to the Board of Governors of

The United States Postal Service

I. Nomination Process and Potential Conflicts.

Question 1.

Were any conditions, expressed or implied, attached to your nomination to the Board of Governors of the Postal Service?

Answer: No.

Question 2.

What commitments have you made with respect to the policies and programs you will attempt to implement as a Member of the Board of Governors?

Answer: None.

Question 3.

Are there any issues involving the Postal Service from which you may have to disqualify yourself? If so, please explain.

Answer: I am a stockholder in the May Department Stores. At the present time I am a Director of the May Board. It is possible that in a decision affecting retailing I would disqualify myself.

Question 4.

What estimate have you made of the time which will be required of you by the Board of Governors? Given your other responsibilities, are you fully able to meet this additional demand?

Answer: I understand the meeting schedule of the Board of Governors. If more time is required it would not be a problem. I am retired and while I am on several boards of companies and also do a certain amount of consulting work, my schedule can be adjusted.

Question 5.

Please detail for the Committee your experience as an employee and officer of the Postal Service, including positions held, responsibilities, and to whom you reported.

Answer: I have never been an employee of the Postal Service.

Question 6.

Why did you leave the Postal Sevice?

Answer: Does not apply.

Question 7.

During your tenure at the Postal Service, what was the extend of your relationship with present management officials of the Agency?

Answer: Does not apply.

Question 8.

Did you actively seek this nomination? Explain.

Answer: I was asked if I would be interested in being considered for an appointment to the Board of Governors and I decided I would enjoy the appointment. While I did not actually seek the nomination, I allowed others to do so on my behalf.

Question 9.

What contribution do you feel you can make to the Postal Service as a Member of the Board of Governors?

Answer: While the Postal Service is a massive operation it still has the same problems encountered in any major corporation. I feel that any executive who has been the CEO of a major U.S. corporation should be able to make a contribution to the Postal Service.

II. Responsibilities of the Board of Governors.

Question 1.

What is your view of the role of the Board of Governors of the Postal Service and what do you believe are its most important functions and responsibilities?

Answer: The functions and responsibilities of the Board is clearly spelled in the publication - Title 39 - United States Code - U.S. Postal Service. In general the Board acts in a similar fashion to the Board of any public corporation. One of the major responsbilities is to review and appraise the manner in which the Postmaster General is performing his duties.

Question 2.

How do you view the relationship of the Board of Governors to the Postal Service and, specifically, to the Postmaster General?

Answer: The Board of Governors represent the public interest just as a Corporate Board represents the stockholders. In their capacity they in effect supervise the management of the Service.

Question 3.

How do you view the relationship and responsibilities of the Board of Governors to the President, the public, and the Congress?

Answer: I believe the answer given in question #2 applies here.

Question 4.

As a Governor, you will have responsibility for requests for rate and classification changes and for the final implementation of such changes. What general principles do you believe should form the basis for establishing postal rates?

Answer: Title 39 spells out the factors the Postal Rate Commission will consider in recommending rate and classification changes. Assuming the Commission follows these regulations I believe the Board of Governors should consider the same factors in approving and adopting their recommendations.

III. Postal Reorganization.

Question 1.

Did you support, or what was your attitude toward, the Postal Reorganization Act of 1970?

Answer: I was in favor of the Act of 1970.

Question 2.

In retrospect, how do you view the Postal Reorganization Act today?

Answer: I still believe the Act was soundly conceived. Inflation has complicated the Postal Service's ability to achieve their objective.

Question 3.

What do you see as the strengths and weaknesses of the Postal Service as opposed to the old Post Office Department?

Answer: Strength - Moving the Service to filling positions based on merit and accountability as a business venture.

Weakness - I see no weakness as compared to the old Postal Service.

Question 4.

Various proposals have been made to increase the accountability of the Postal Service to the Congress including Presidential appointment of the Postmaster General or the Chairman of the Board of Governors with the advise and consent of the Senate. What is your view of these proposals?

Answer: In my opinion any move in the direction of creating more appointments by political bodies or individuals is a move in the wrong direction. The Congress should either direct the Postal Service to operate as much as possible as a business or return it to its old position.

Question 5.

The Postal Rate Commission is a unique regulatory agency in that it does not have final decision-making responsibility with respect to most matters brought before it. This rests with the Board of Governors of the Postal Service. Do you believe that this arrangement should be maintained? If so, why?

Answer: While I realize there has been some conflict between the Service and the Postal Rate Commission I believe the regulations spell out clearly the responsibilities of each body. If the Commission operates within the regulations I see no reason why the present system will not function properly.

Question 6.

If Congress were to reexamine the role and responsibilities of the Postal Rate Commission, what changes would you recommend?

Answer: I don't feel I am qualified to answer this question.

IV. Postal Service Operations

Question 1.

The Postal Service currently has proposed a number of innovations or new departures in its service offerings, including such things as electronic input and transmission of mail matter called E-COM, institution of an intra-city system for same-day delivery, and others. What is your view of these Postal Service initiatives?

Answer: If the Postal Service is to achieve its cost objectives and survive, it must be allowed to make every possible use of electronic techniques. The Service is already late in getting into this field.

Question 2.

Both the House and Senate have recently taken positions in favor of substantial cuts in the public service subsidy to the Postal Service. To what extend do you view the Postal Service as a public service appropriately financed out of the general Treasury?

Answer: I believe Congress must determine the amount of financial support it is prepared to contribute to the Service. The Service must provide the best possible service within those financial limits. In general it seems proper that Congress should finance some part of the service provided.

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Question 3.

If substantial reductions in the appropriation to the Postal Service are approved, where would you look to achieve savings in postal operations? Do you favor proposals to reduce the number of days of mail delivery to five?

Answer: I feel the furor about eliminating Saturday delivery is over reaction. If I were forced to reduce expenses, based on my limited knowledge at this time, Saturday delivery would be my first item for review.

Question 4.

What do you believe is the appropriate role of Congress in reviewing major changes in service proposed by the Postal Service?

Answer: I believe Congress should review the fiscal results and the quality of service. Certainly Saturday delivery would fall in this category.

V. Relations with Congress.

Question 1.

What suggestions do you have for strengthening the relationship of the Board of Governors to the Congress; or do you believe that this is not necessary?

Answer: With the limited knowledge I have about the present relationship I do not feel qualified to answer this question.

Question 2.

Do you agree with reservation to respond to any reasonable request or summons to appear and testify before any duly constitution Committee of the Congress?

Answer: Yes.

BIOGRAPHICAL INFORMATION OF PAULA D. HUGHES

A. BIOGRAPHICAL INFORMATION (see below and attachments)

1. Paula D. Hughes (Maiden Name: Paula Grace Rothenberg; Married Names: Paula DeMenna; Paula D. Hughes)

2. River House - 435 E. 52nd Street, New York, NY 10022

Thomson McKinnon Securities Inc.
200 Park Avenue
New York, NY 10166 (mailing address)

JUN 11 1980

3. Born in New York City - September 25, 1931

4. Divorced (Former husbands: Charles DeMenna and William K. Hughes)

5. Catherine Hughes Benton, daughter, aged 30

6. See attached

7. See attached

8. Served on Governor Hugh Carey's blue ribbon Casino Gambling Study Panel - New York State - 1979 as Panelist

9. See attached

10. See attached for offices held. Additional memberships are:

Financial Women's Ass'n
Newcomen Society
Economic Club of New York
Int'l Ass'n of Financial Planners
Nat'l Committee on American Foreign Policy
Analysts Club of N. Y.

11. No political candidacies. Contributions during the last ten years:

1970 - 1975

$100 per annum to Republican Club of Rye, N. Y.

1973 $100 to mayoral campaign of John Carey, Democrat, Rye, N. Y.

1978 $1,000 President Carter's Birthday(Dem. Nat'l Comm.)
Party; $100 Carol Bellamy's campaign
fund for N. Y. City Council - Democrat

Women's Campaign Fund - $1,750
1979 Women's Campaign Fund - $1,142
1980 Women's Campaign Fund - $ 400
Nat'l Republican Congressional Comm. - $100
N. Y. Victory Fund $100
United Republicans - $500

12. Honors and Awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievements.

12. Recently named Life Trustee of Carnegie-Mellon University. My term was due to expire 1980

Twice named in Financial World's cover articles on "Wall Street's Top Brokers"

Named Business Woman of the Year by the California Business Women, Inc.

Elected to YWCA Academy of Women Achievers - 1979

13. Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

13. N/A

14. Speeches: Provide the Committee with two copies of any formal speeches you have delivered during the last five years which you have written copies of and which are on topics relevant to the position for which you have been nominated.

14. see attached copies of Carnegie-Mellon speech "Business and Free Enterprise in 2028"

15. Selection: a. Do you know why you were chosen for this nomination by the President?

b. What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

15. a. Though I am not certain why I was chosen by the President for this nomination, I am aware that he was seeking a woman and a Republican for this bi-partisan Board of Governors. I would assume that if the outreach was for an individual experienced in the semantics and implications of financial matters that is why my name was put forth.

b. As to my qualifications for this appointment, I have had 18 years of finance and investment experience which followed 8 years in the advertising and marketing fields (communications). Additionally, my professional and research activities give me an awareness of technological, industrial and political trends - as well as focus on the demographics of our country.

B. FINANCIAL DATA: All information requested under this heading must be provided for yourself, your spouse, and your dependents. The financial statement should be certified, unless special permission has been granted by the Chairman to waive certification. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files, and will be available for public inspection):

C. FUTURE EMPLOYMENT RELATIONSHIPS:

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

1. N/A

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

2. N/A

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

3. N/A

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

4. N/A

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

5. Yes

D. POTENTIAL CONFLICTS OF INTEREST:

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

1. N/A

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

2. Potential conflict might arise through investments in companies with direct contracts with the U.S. Postal Service. I may not utilize "inside information", nor can any investment position exceed 5% of the capitalization of any company.

3. Describe any business relationship, dealing or financial transaction which you have had during the last ten years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

3. None

4. Describe any activity during the past ten years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

4. Wired members of Ways and Means Committee in opposition to the windfall profits tax in 1979

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

5. I am attempting to dispose of a Limited Partnership in a new publication, American Stage, as it might be considered a conflict of interest, even though the Limited Partner has no operational responsibilities or authority.

6. Do you agree to have written opinions provided to the Committee by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any other legal barriers to your serving in this position?

6. Yes

E. LEGAL MATTERS:

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

2. Have you ever been investigated, arrested, or charged or held by any federal, state or other law enforcement authority for violation of any federal, state, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

4. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

1 through 4: No

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

5. N/A

ATTACHMENT #1

EMPLOYMENT:

July, 1973 to Present

Thomson McKinnon Securities Inc.
200 Park Avenue
New York, NY 10017
Title: First Vice President - Director

Financial Advisor - Investment Management

July, 1972 - July, 1973

Halle Stieglitz
295 Park Avenue
New York, NY 10017
Title: Vice President

Account Executive (Securities)

December, 1961 - July, 1972

Shields & Co.
666 Fifth Avenue
New York, NY

Account Executive (Securities)

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ATTACHMENT #3

The Greenwich House
27 Barrow Street
New York, NY 10014

Governor

Carnegie-Mellon University
5000 Forbes Avenue
Pittsburgh, PA 15213

Life Trustee

Corporate Committee for the Support of Private Universities
125 High Street
Boston, MA 02110

Director

The Women's Forum
221 E. 71st Street
New York, NY 10021

Director

(continued)

*** (Attachments #2 with Tax Returns)

ATTACHMENT #3 (Cont'd)

Sales Executives Club of NY 122 E. 42nd Street New York, NY 10017	Director
American Arbitration Ass'n 140 W. 51st Street New York, NY 10020	Panelist
Women's Campaign Fund 1725 I Street, NW Washington, DC 20006	Director

ATTACHMENT #4A

Thomson McKinnon Securities Inc.	First Vice President - Director
Gamma Drilling Ltd.	Limited Partner
Hamilton Gallery	Limited Partner
American Stage Partners	Limited Partner
Rio Blanco Vineyards	Limited Partner
Industrial Gas Drilling Programs	Limited Partner
Texas International Drilling Funds	Limited Partner
Cimarron Petroleum Corp.	Working Interest
Marion Drilling Venture Ltd.	Limited Partner
Sunny Brook Apartments Ltd.	Limited Partner
Forest Park Village Apartments	Limited Partner
Meadow Run Apartments	Limited Partner

ATTACHMENT #4C

Thomson McKinnon Securities Inc.
Canna Drilling Ltd.
Hamilton Gallery
American Stage Partners
Rio Blanco Vinyards
Industrial Gas Drilling Programs
Texas International Drilling Funds
Adams Resources & Energy Inc.
Dravo Corporation
Gates Learjet Corp.
Titan Group Inc.
Wallace-Murray Corp.
Dreyfus Fund Inc.
Cimarron Petroleum Corp.
Marion Drilling Venture Ltd.
Sunny Brook Apartments Ltd.
Forest Park Village Apartments
Meadow Run Apartments

ATTACHMENT #5

Thomson McKinnon Securities Inc.
Dravo Corporation
Gates Learjet Corp.
Wallace-Murray Corp.
Stewart Capital Corporation
Shell Oil Corporation
Western Crude Oil Inc.
Brownlie Wallace Armstrong & Bender
U. S. Government (various Treasury holdings)
Dreyfus Fund Inc.
State of Pennsylvania (municipal bond holding)
Conrac Corporation
General Signal Corporation
Marriott Corporation

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Prehearing Questions for

Paula D. Hughes

Nominated to the Board of Governors of

The United States Postal Service

I. Nomination Process and Potential Conflicts.

Question 1.

Were any conditions, expressed or implied, attached to your nomination to the Board of Governors of the Postal Service? NO

Question 2.

What commitments have you made with respect to the policies and programs you will attempt to implement as a Member of the Board of Governors? NONE

Question 3.

Are there any issues involving the Postal Service from which you may have to disqualify yourself? If so, please explain. NO

Question 4.

What estimate have you made of the time which will be required of you by the Board of Governors? Given your other responsibilities, are you fully able to meet this additional demand? See Attached "

Question 5.

Please detail for the Committee your experience as an employee and officer of the Postal Service, including positions held, responsibilities, and to whom you reported. Not Applicable

Question 6.

Why did you leave the Postal Service? Not Applicable

Question 7.

During your tenure at the Postal Service, what was the extent of your relationship with present management officials of the Agency? Not Applicable

Question 8.

Did you actively seek this nomination? Explain. No

Question 9.

What contribution do you feel you can make to the Postal Service as a Member of the Board of Governors? See attached

II. Responsibilities of the Board of Governors.

Question 1.

What is your view of the role of the Board of Governors of the Postal Service and what do you believe are its most important functions and responsibilities? See attached

Question 2.

How do you view the relationship of the Board of Governors to the Postal Service and, specifically, to the Postmaster General? See Attached

Question 3.

How do you view the relationship and responsibilities of the Board of Governors to the President, the public, and the Congress? See attached

Question 4.

As a Governor, you will have responsibility for requests for rate and classification changes and for the final implementation of such changes. What general principles do you believe should form the basis for establishing postal rates?

See Attached

III. Postal Reorganization.

Question 1.

Did you support, or what was your attitude toward, the Postal Reorganization Act of 1970? See Attached

Question 2.

In retrospect, how do you view the Postal Reorganization Act today? See Attached

Question 3.

What do you see as the strengths and weaknesses of the Postal Service as opposed to the old Post Office Department?

See Attached

Question 4.

Various proposals have been made to increase the accountability of the Postal Service to the Congress including Presidential appointment of the Postmaster General or the Chairman of the Board of Governors with the advise and consent of the Senate? What is your view of these proposals?

See Attached

Question 5.

The Postal Rate Commission is a unique regulatory agency in that it does not have final decision-making responsibility with respect to most matters brought before it. This rests with the Board of Governors of the Postal Service. Do you believe that this arrangement should be maintained? If so, why? See Attached

Question 6.

If Congress were to reexamine the role and responsibilities of the Postal Rate Commission, what changes would you recommend? See Attached

IV. Postal Service Operations.

Question 1.

The Postal Service currently has proposed a number of innovations or new departures in its service offerings, including such things as electronic input and transmission of mail matter called E-COM, institution of an intra-city system for same-day delivery, and others. What is your view of these Postal Service initiatives? See Attached

Question 2.

Both the House and Senate have recently taken positions in favor of substantial cuts in the public service subsidy to

See Attached

the Postal Service. To what extent do you view the Postal Service as a public service appropriately financed out of the general Treasury? See Attached

Question 3.

If substantial reductions in the appropriation to the Postal Service are approved, where would you look to achieve savings in postal operations? Do you favor proposals to reduce the number of days of mail delivery to five? See Attached

Question 4.

What do you believe is the appropriate role of Congress in reviewing major changes in service proposed by the Postal Service? See Attached

V. Relations with Congress.

Question 1.

What suggestions do you have for strengthening the relationship of the Board of Governors to the Congress; or do you believe that this is not necessary? See Attached

Question 2.

Do you agree without reservation to respond to any reasonable request or summons to appear and testify before any duly constitution Committee of the Congress? Yes

PREHEARING ANSWERS OF PAULA D. HUGHES,
NOMINEE TO THE BOARD OF GOVERNORS
THE UNITED STATES POSTAL SERVICE

I. Nomination Process and Potential Conflicts

Question 4.

What estimate have you made of the time which will be required of you by the Board of Governors? Given your other responsibilities, are you fully able to meet this additional demand?

I understand there are one or two meetings a month of the Board of Governors and a heavy reading schedule, requiring indeterminate time.

Question 9.

What contribution do you feel you can make to the Postal Service as a Member of the Board of Governors?

With eighteen years in finance and a career built upon corporate research and evaluation, I feel I can draw upon this knowledge, in serving on the Postal Service Board of Governors. Additionally, prior to my involvement in the financial world I spent eight years in the field of advertising and marketing, gaining a highly developed sense of corporate image and customer service.

II. Responsibilities of the Board of Governors

Question 1.

What is your view of the role of the Board of Governors of the Postal Service and what do you believe are its most important functions and responsibilities?

I view the role of the Board of Governors, as I would a private corporate board, to be concerned with the implementation of sound corporate practice - financial and administrative. Its primary responsibility is to ensure excellence in postal service to all of our citizens. It oversees a basic and fundamental service provided to the people by the government of the United States.

Question 2.

How do you view the relationship of the Board of Governors to the Postal Service and, specifically, to the Postmaster General?

I view the Board of Governors as a monitoring and implementing entity with concern for all operational areas, cooperative with the Postmaster General, whom it has selected and evaluated. I would assume evaluation would be an ongoing process.

Question 3.

How do you view the relationship and responsibilities of the Board of Governors to the President, the public, and the Congress?

I consider the Board of Governors accountable to the President and obliged to be responsive to the Congress in its efforts to implement its duties to the public.

Question 4.

As a Governor, you will have responsibility for requests for rate and classification changes and for the final implementation of such changes. What general principles do you believe should form the basis for establishing postal rates?

I believe it is incumbant on the Board, in conjundtion with the Postal Rate Commission, to adhere as closely as possible to the principle of cost allocation, based on the various classes of mail service. This should be commensurate with the goal of achieving excellence through optimal efficiency.

III. Postal Reorganization

Question 1.

Did you support, or what was your attitutd toward, the Postal Reorganization Act of 1970?

I supported, and continue to support, the Act.

Question 2.

In retrospect, how do you view the Postal Reorganization Act today?

In view of the record of increased productivity, implementation of programs relative to affirmative action and opportunity enhancement within the Service, it would appear to have been an extremely wise Act.

Question 3.

What do you see as the strengths and weaknesses of the Postal Service as opposed to the old Post Office Department?

There appears to be greater focus on financial planning and human development within the ranks of the Postal Service. There is now greater overall sense of "social consciousness".

Question 4.

Various proposals have been made to increase the accountability of the Postal Service to the Congress including Presidential appointment of the Postmaster General or the Chairman of the Board of Governors with the advise and consent of the Senate. What is your view of these porposals?

I am limited in my knowledge as to the basis for these proposals, but a more cohesive organization would seem ensured by the present stipulation that the Postmaster General is appointed by the Board of Governors.

Question 5.

The Postal Rate Commission is a unique regulatory agency in that it does not have final decision-making responsibility with respect to most matters brought before it. This rests with the Board of Governors of the Postal Service. Do you believe that this arrangement should be maintained? If so, why?

Without a great deal of residual knowledge, the present arrangement would seem a redundancy.

Question 6.

If Congress were to reexamine the role and responsibilities of the Postal Rate Commission, what changes would you recommend?

I do not feel knowledgeable enough, at this time, to prescribe such changes.

IV. Postal Service Operations

Question 1.

The Postal Service currently has proposed a number of innovations or new departures in its service offerings, including such things as electronic input and transmission of mail matter called E-COM, institution of an intra-city system for same-day delivery, and others. What is your view of these Postal Service initiatives?

I feel it is highly constructive that the Postal Service is focusing on technological innovation. Beyond that, in view of the incursions by private corporations in the area of electronic transmission and facsimile transmission it is necessary for the Postal Service to explore and develop such technology and innovation.

Question 2.

Both the House and Senate have recently taken positions in favor of substantial cuts in the public service subsidy to the Postal Service. To what extent to you view the Postal Service as a public service appropriately financed out of the general Treasury?

The purpose of the Act, as I understand it, was to create an entity that would be ultimately self-financed. I understand the present operational budget is no longer part of the Federal budget.

Question 3.

If substantial reductions in the appropriation to the Postal Service are approved, where would you look to achieve savings in postal operations? Do you favor proposals to reduce the number of days of mail delivery to five?

The primary areas for cost effectiveness are in the realm of increased productivity and cost containment. I do not favor reducing the days of mail delivery.

Question 4.

What do you believe is the appropriate role of Congress in reviewing major changes in service proposed by the Postal Service?

Congress and the Postal Service should both be concerned with achieving maximum service to the public and any major service change would certainly be an appropriate concern of Congress, as well as the Postal Service.

V. Relations with Congress

Question 1.

What suggestions do you have for strengthening the relationship of the Board of Governors to the Congress; or do you believe that this is not necessary?

I believe the Board of Governors should always be close to the Congress and that any efforts for the good of the country should be of mutual concern. There should be ongoing dialogue between the Board of Governors, its Chairman, the Postmaster General, and Committee chairpeople, and the members of Congress.

RESPONSES TO QUESTIONS SUBMITTED BY SENATOR STEVENS TO PAULA HUGHES

1.Q. When did you first register as a Republican?

A. As per the enclosed documentation, I was active in the Young Republican Club of Larchmont-Mamaroneck prior to attaining voting age in 1952. I became of age on September 25, 1952, and became a registered Republican for the ensuing presidential election in November of that year. I have been a registered Republican from that time until the present - was an officer of the Young Republican Club of Larchmont-Mamaroneck in 1953 (see newspaper item attached), was active in the Republican Club of Rye, New York (Westchester County) in the 1960s, and I am registered presently in New York City as a Republican.

2.Q. What companies do you have a financial interest in which also have contracts with the Postal Service?

A. None

3.Q. In answer to a question regarding what principles you would consider in establishing postal rates, you replied that rates should adhere closely to the principle of cost allocation. How would you define cost allocation vis-a-vis the classes of mail in the Postal Service? In other words, do you feel institutional costs should be spread over the different classes of mail or, rather, should certain classes of mail assume a larger share of the costs?

A. I believe I said it was incumbent upon the Postal Service to allocate overhead costs in the determination of rates for the various classes of service. I so stated because that was the stipulation set forth in Title 39 of the Postal Reorganization Act. While I understand efforts are being made to ascertain overhead attributable to each class, the determination of assignable costs would appear to be an inexact science. Since the inception of Title 39, the Postal Service has, as have all industries, been confronted with a decade of change technologically and in the area of personnel and compensation thereof. Additionally, there has been an awesome impact due to the increased cost of energy, implementation of mechanization, and the potential utilization of robotics and facsimile transmission. Obviously some of these developments impact some classes of mail more than other classes of mail.

In sum, the intent to properly allocate overhead to the varied types of service should be sustained but it is conceivable that an ammendment to the Act might be warranted in the next decade as the Postal Service moves forward with electronic mail transmission and other "priority" services.

Note: Attachment referred to retained in committee files.

4.Q. Do you feel consideration other than cost allocation should go into the establishment of rates? If so, what should they be?

A. I believe the foregoing touches on some new areas of expense which should be factored into the establishment of rates. Additionally, I feel a premium should be charged for timeliness of delivery, such as in the case of Express Mail.

5.Q. To a question regarding the need to achieve savings in postal operations, you replied that savings could be achieved through increased productivity and cost containment. Do you have any specific thoughts on how productivity could be increased in the Service and where you would attempt to contain costs?

A. Productivity could be enhanced by a more effective performance on the part of postal workers, i.e. more handling and distribution per man-hour. Worker compensation presently consumes 86% of Postal Service revenue and I cannot help but believe that the ratio could be improved through scrutiny of the supervisory levels and development of an esprit de corps on the part of the postal workers. Unbeknownst to most Americans, the productivity of the Japanese worker is not the result of wages much higher than ours (they are not much higher) but the result of pride of service and of association with the employer. I believe an effort to foster pride of service with the Postal Service would inure to the benefit of the Service. I believe a worthy public relations effort, internally and externally, would reinforce pride and generate better performance on the part of our postal workers.

As a point of interest, 40% of our country's Postmasters are women and 12% of the total postal population is female. Perhaps my involvement with the Postal Service would serve to inspire them to greater productivity and enhanced performance.

With regard to cost containment, certainly primary focus must be on economy of "bricks and mortar", ongoing evaluation of energy utilization for Postal Service buildings and vehicles, and close scrutiny of employee effectiveness and performance.

BIOGRAPHICAL INFORMATION OF TIMOTHY L. JENKINS

A. BIOGRAPHICAL INFORMATION:

1. Timothy Lionel Jenkins

2. Residence: 15 Logan Circle, N.W.
Washington, D.C. 20005

Mailing: 2101 S Street, N.W.
Washington, D.C. 20008

3. Date and Place of Birth: December 30, 1938, Philadelphia, Pennsylvania

4. Marital Status: Married, Lauretta Catherine Sotak

5. Children: Sterling A. Jenkins, Age 15
Nelson C. Jenkins, Age 11

6. Education: Howard University, Washington, D.C., 1956-1960, B.A.

Yale Law School, New Haven, Conn. 1961-1964, LLB/J.D.

7. Employment Record:

5/69-Present	HATCH Institution	2101 S St.,N.W. Wash., D.C.	Chairman
1969	Jenkins&Willis formerly Jones, Jenkins & Warden	2101 S St.,N.W. Wash.,D.C.	Law Partner
1969	N.Y.State Univ. Pres.H.Wofford	Old Westbury,N.Y.	Visiting Prof.
1968-1969	Howard U.Sch.ofLaw Dean Clyde Ferguson	2400 6th St.N.W. Wash.,D.C.	Asst. Prof.
6/65-1967	EEOC Comm.R.Graham Chairman S.Shulman	1200 G St.,N.W. Wash.,D.C.	Special Asst.
12/64-10/65	Smith,Kline&French Mr.J.Cunzeman	1500 Spring Garden	Unit Manager Phila.,Pa.
5/64-10/65	Norris,Brown&Hall Atty.J.A.Norris	1510 Chestnut St.	Assoc. Atty. Phila.,Pa.
9/64-1/65	Blaustine,Diamond, Polsky&Bauer Atty.S.Diamond	Land Title Bldg. Rm.1431,Phila.,Pa.	Law Clerk

Summers of '64, '63, '62

	Council of Federated Organizations	1017 Lynch St., Jackson, Miss.	Legal Aide
8/60-9/61	National Students Association Mr. R. Rettig	3457 Chestnut St., Phila.,Pa.	Vice. Pres.

8. Government Experience:

Chairperson of Housing Rent Commission of the District of Columbia

Asst. to Commissioner of EEOC (Richard A. Graham & Steve Shulman)

Chairperson, Emergency Condominium and Cooperative Commission, District of Columbia Government

Vice Chairperson Commission on the Status of Women for the District of Columbia

Consultant to the Washington Consortium of Colleges and Universities

Legal Consultant to the U.S. Equal Employment Opportunity Commission

Member of the National Advisory Board of the Federal Home and Housing Administration

Employed as part-time Information Specialist on Foreign Student Affairs for the Voice of America under the U.S. Department of Health, Education and Welfare

9. Business Relationships:

Currently: Chairman of The MATCH Institution

Formerly: Partner in the International Law Firms of Jenkins and Willis/Jones, Jenkins and Warden.

Vice President of the United States National Student Association

Board of Directors of D.C. Chapter ACLU

Member Governing Board Joint Center for Political Studies

Trustee Howard University, Chairman Finance Committee

Co-Chairman National Conference of Black Lawyers(NCBL)

Board Chairman of the National Consumer Information Center

Member of the Board for the Philadelphia Housing Corporation of the Methodist Church

Board of Directors of Educational Travel International

Board of Directors of the National Scholarship Service and Fund for Negro Students

10. Memberships:

National Business League, Washington, D.C.

Associate Attorney at Norris, Green and Higgenbotham, Attorneys at Law (Philadelphia, Pa.)

National Organization of Women (NOW) Project on Equal Educational Rights (PEER) Member Advisory Council

Legislation Committee, D.C. Bar Association

Chairman Policy Committee, Council of 100

Elected to Membership in the American Academy of Political and Social Science

Summer Legal Assistant to the Council of Federated Organizations in Mississippi

National Youth Committee of the N.A.A.C.P.

Elected to serve as the full-time National Affairs Vice President of the United States National Student Association (USNSA)

11. Political Affiliations and Activities:

Contributions to Republican Senatorial Trust Fund

12. Honors and Awards:

Elected to national honor societies in Classics, Forensics, Philosophy, Political Science and Phi Beta Kappa

Four Year National Merit Scholarship, Howard University

Scholarship to Harvard University International Relations Seminars

Thurman Arnold Prize for excellence in research and appellate argument, Yale Law School

Beinecke Foundation and Rabinowitz Fund Scholarships Yale Law School

Chairman of a White House Task Force on Inflation Priorities

Outstanding Contribution Award National Conference of Black Lawyers

Visiting Professor, New York State University

Elected Outstanding Professor, Howard University Law School

Visiting Fellow to Dr. Kenneth Clark's Metropolitan Applied Research Center (MARC)

Research Fellow at the U.S. Library of Congress

13. Published Writings:

April 1960, Testimony on the National Defense Education Act submitted to House Education and Labor Committee as National Affairs Vice President of the U.S. National Student Association.

October 1960, "On Academic Excellence" -- Pamphlet for American Council on Education.

December 1961, "The Negative Freedom" -- Paper for the American Society on African Culture.

May 1963, Testimony on the Voting and Public Accommodation Sections of the Civil Rights Act before House Judiciary Committee on behalf of the Student Nonviolent Coordinating Committee.

Spring 1964, Testimony to U.S. Congress on "The Need for Three Judge Enforcement of Title I of Civil Rights Act."

Fall 1968, Howard Law Journal, Treatise, "Study of Federal Effort to End Job Bias: A History, A Status Report, And A Prognosis."

Winter 1968, "The Equal Protection, Due Process and Access to Federal Grants and Aid," N.A.A.C.P. Conference on the Centennial of the Fourteenth Amendment.

Winter 1968, "Toward a Black University: An Activist Oriented Institution." Seminar Paper published in Howard University Alumni Magazine, Summer 1969.

Spring 1969, "The Student Seizures of University Buildings." Case Studies for Report of President's Commission on the Causes and Prevention of Violence. Kerner Commission.

Summer 1970, Citizen Participation in City Planning, Manual for U.S. Department of Housing and Urban Development.

1972, "Citizen Participatio in Transportation Planning." A Guidebook prepared for e U.S. Department of Transportation.

Summer 1974, "Racism in the Law," New Frontier's Magazine.

Spring 1974, Co-Author "Equal Opportunity in Planning," Challenge Magazine, Department of Housing and Urban Development.

June 1976, Equal Opportunity in Planning, A book published by the Government Printing Office under the auspices of the Department of Housing and Urban Development.

June 1977, "Problems and Potentials of Minorities and Women as AID Africa Bureau Contractors and Grantees." (3 volumes)

September 1977, Testimony before Subcommittee on Africa of the Committee on International Relations House of Representatives "Minority and Small Business Contracting Policies of the Agency for International Development's Africa Bureau."

14. Speeches: None.

15. Selection:

a. Expertise in law and public administration.

b. Twenty years of active participation in law and public administration.

C. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

Not Applicable.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government?

Not Applicable.

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employers, business firm, association or organization?

Not Applicable.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

Not Applicable.

5. If confirmed, do you expect to serve out your full term or until the next Presidential eletion, whichever is applicable?

Full term.

D. POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangement, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

Not applicable.

2. Indicate any investments, obligation, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

None.

3. Describe any business relationship, dealing or financial transaction which you have had during the last ten years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None.

4. Describe any activity during the past ten years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

As an attorney representing clients.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

Not Applicable.

6. Do you agree to have written opinions provided to the Committee by the General Counsel of the agency to which you are nominated and by the Attorney General's office concerning potential conflicts of interest or any other legal barriers to your serving in this position?

Not Applicable.

E. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group?

No.

2. Have you ever been investigated, arrested, or charged or held by any federal, state or other law enforcement authority for violation of any federal, state, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

Yes. The matter arose from a 1973 dispute at a New York sporting goods store which refused to exchange a product which had been improperly shipped. There was an acquittal on all counts.

In the subsequent 1975 civil suit against a retail store, Hunting World, Inc., its owner and employees for malicious prosecution, defamation of character and fraud, the matter was settled for money damages paid by the store's insurance company. For details see Attachment C.

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

(a) A federal suit brought in 1973 by The MATCH Institution, Inc., against a Georgia Corporation known as the Atlanta Inner-city Development Corporation for breach of contract. MATCH won the suit and damages were paid.
(b) A suit brought by The MATCH Institution, Inc., in the Superior Court of the District of Columbia in 1971 against the Decision Science Corporation of Pennsylvania. The matter was settled during trial with a money damage payment to MATCH.
(c) On two occasions suits have been filed in foreign jurisdictions naming MATCH as a defendant among others. I have not participated in any of these and have no knowledge of their results.
(d) I have on two or three occasions over the past 15 years been named a party in suits by or against partnerships in which I have held a limited interest, but no personal knowledge or substantive participation. These matters have always arisen in distant States and I have not actively participated in any aspect of the litigation nor do I have any knowledge of how they were ultimately resolved. To the best of my knowledge each of them involved contractual disputes.

4. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

AFFIDAVIT

I, Timothy L. Jenkins, do swear that the information provided in this statement is, to the best of my knowledge, true and accurate.

6/6/80
(DATE)

Timothy L. Jenkins
(NAME)

SUBSCRIBED AND SWORN TO BEFORE ME THIS 6th OF June 1980

NOTARY PUBLIC, D. C. Virginia L. Hawley

My Commission Expires Feb. 14, 1985

(Notary)

Prehearing Questions for

Timothy L. Jenkins

Nominated to the Board of Governors of

The United States Postal Service

I. Nomination Process and Potential Conflicts.

Question 1. Were any conditions, expressed or implied, attached to your nomination to the Board of Governors of the Postal Service?

A. No.

Question 2. What commitments have you made with respect to the policies and programs you will attempt to implement as a Member of the Board of Governors?

A. None.

Question 3. Are there any issues involving the Postal Service from which you may have to disqualify yourself? If so, please explain.

A. None to my knowledge.

Question 4. What estimate have you made of the time which will be required of you by the Board of Governors? Given your other responsibilities, are you fully able to meet this additional demand?

A. Two to four days P/M. As chief executive within my firm, I enjoy considerable flexibility for public service assignments.

Question 5. Please detail for the Committee your experience as an employee and officer of the Postal Service, including positions held, responsibilities, and to whom you reported.

A. Not applicable, no prior relationship with Postal Service.

Question 6. Why did you leave the Postal Service?

A. Not applicable.

Question 7. During your tenure at the Postal Service, what was the extent of your relationship with present management officials of the Agency?

A. Not applicable.

Question 8. Did you actively seek this nomination? Explain.

A. No.

Question 9. What contribution do you feel you can make to the Postal Service as as Member of the Board of Governors?

A. My entire professional career has been devoted to the questions of management and administrative efficiency for public and private sector clients. In this connection, I have enjoyed broad exposure in administrative law, international transactions and labor relations. This experience may contribute to the problem solving and policy making requirements of the Board.

II. Responsibilities of the Board of Governors.

Question 1. What is your view of the role of the Board of Governors of the Postal Service and what do you believe are its most important functions and responsibilities?

A. Establishing policies; assuring management accountability for efficiency and effectiveness; reviewing and evaluating major operational changes, rates and economies; filling vacancies in the Postmaster General and Deputy Postmaster General positions.

Question 2. How do you view the relationship of the Board of Governors to the Postal Service and, specifically, to the Postmaster General?

A. The Board makes policy and the Postmaster interprets and executes those policies as the chief executive officer. Other than setting policy and hearing allowable appeals, there is no institutional provision for inter-action with the Service.

Question 3. How do you view the relationship and responsibilities of the Board of Governors to the President, the public, and the Congress?

A. The Board's obligation is to use its independent judgement on the public interests in matters before it, based on the spirit and letter of the law, rather than special pleading or political considerations.

Question 4. As a Governor, you will have the responsibility for requests for rate and classification changes and for the final implementation of such changes. What general principles do you believe should form the basis for establishing postal rates?

A. Requirements for self-sufficiency; fairness and reasonableness among competing users; simplicity of administration; comparabilities offered commercially, public convenience and necessity.

III. Postal Reorganization.

Question 1. Did you support, or what was your attitude toward, the Postal Reorganization Act of 1970?

A. I had no role in the adoption of the Act and held no opinions on its features.

Question 2. In retrospect, how do you view the Postal Reorganization Act today?

A. It appears to have accomplished a major step in re-orienting the Service to management over political considerations.

Question 3. What do you see as the strengths and weaknesses of the Postal Service as opposed to the old Post Office Department?

A. More effective management accountability; a clearer division of policy from operations, and the broader involvement of public interest advocacy in policy making.

Question 4. Various proposals have been made to increase the accountability of the Postal Service to the Congress including Presidential appointment of the Postmaster General or the Chairman of the Board of Governors with the advice and consent of the Senate? What is your view of these proposals?

A. I have yet to become sufficiently acquainted with the reasons given in support of these recommendations to have a personal view.

Question 5. The Postal Rate Commission is a unique regulatory agency in that it does not have final decision-making responsibility with respect to most matters brought before it. This rests with the Board of Governors of the Postal Service. Do you believe that this arrangement should be maintained? If so, why?

A. While I think it is definitely useful to have the initial findings of fact developed by full-time personnel to save the Board's time, I would have to be persuaded that the Commission method is the most cost/effective for accomplishing this result.

Question 6. If Congress were to reexamine the role and responsibilities of the Postal Rate Commission, what changes would you recommend?

A. At this time, I have none to recommend.

IV. Postal Service Operations.

Question 1. The Postal Service currently has proposed a number of innovations or new departures in its service offerings, including such things as electronic input and transmission of mail matter called E-COM, institution of an intra-city system for same-day delivery, and others. What is your view of these Postal Service initiatives?

A. Doubtlessly the Service has to be aware of and make use of technological innovation to serve the public. The impacts on users and suppliers must be weighed along with costs and general demand. Important too is the reliability of the latest state-of-the-art and the willingness of the public to pay the required cost of the service, if applicability is marginal.

Question 2. Both the House and Senate have recently taken positions in favor of substantial cuts in the public service subsidy to the Postal Service. To what extent do you view the Postal Service as a public service appropriately financed out of the general Treasury?

A. Clearly there is a national interest which extends beyond the particular interests of users, which justifies public support of various kinds to assure institutional availability. Public support for such expenditures can be strengthened, if the social justifications were more emphatic.

Question 3. If substantial reductions in the appropriation to the Postal Service are approved, where would you look to achieve savings in postal operations? Do you favor proposals to reduce the number of days of mail delivery to five?

A. I would need to know the quantitative and qualitative impacts flowing from the alternatives before taking a comprehensive position. Superficially the five day plan seems to have merit.

Question 4. What do you believe is the appropriate role of Congress in reviewing major changes in service proposed by the Postal Service?

A. First, are the changes consistent with statutory intent? Second, is there a factual and/or analytic record supporting the change? Third, is there reason to believe a major social interest has been overlooked or affected adversely in an intolerable way such that corrective legislation is appropriate?

V. Relations with Congress

Question 1. What suggestions do you have for strengthening the relationship of the Board of Governors to the Congress; or do you believe that this is not necessary?

A. I am unaware of any particular difficulties, yet there ought to be sufficient exchanges of information and

communication to assure that respective points of view and interpretations of the public's interest are shared. Informal as well as formal means can and should be explored toward this end.

Question 2. Do you agree without reservation to respond to any reasonable request or summons to appear and testify before any duly constitutional Committee of the Congress?

A. Yes.

Senator GLENN. They also have submitted financial disclosure statements to the committee. Pursuant to committee policy, this will not be made part of the hearing record. However, it is available for inspection in the committee office in room 3308 of the Dirksen Senate Office Building.

First to be considered this morning is Janet Steiger. We are glad to have a distingushed group here with us this morning speaking on her behalf—Senator Proxmire, Senator Nelson, and Representative Conable. I don't know whether you have arranged who is to go first here.

Senator NELSON. I will start if off briefly.

Senator GLENN. Senator Nelson?

TESTIMONY OF HON. GAYLORD NELSON, A U.S. SENATOR FROM THE STATE OF WISCONSIN

Senator NELSON. I am delighted to join Senator Proxmire and Congressman Conable in endorsing Janet Steiger's nomination to the Postal Rate Commission. I was a personal friend of her late husband, as well as Mrs. Steiger. She has one minor handicap, which you might be constrained to overlook. She graduated Phi Beta Kappa from Lawrence University, but that shouldn't bar her from being on the Postal Rate Commission.

She pursued graduate studies at the Universtiy of Wisconsin and at the University of Reading, in England. She has served as vice president of The Workplace, Inc., a Washington management consulting firm since 1975. She has been a research associate at the National Academy of Public Administration since 1978. At the National Academy she has been the coauthor of a comprehensive study of educational and training benefits under the GI bill.

As I said, I have known Janet for quite a number of years. She is a very highly qualified individual, a person of great integrity and intelligence and will be a great asset, in my judgment, to the Postal Rate Commission.

Senator GLENN. Thank you very much.

Senator Proxmire?

TESTIMONY OF HON. WILLIAM PROXMIRE, A U.S. SENATOR FROM THE STATE OF WISCONSIN

Senator PROXMIRE. Thank you, Mr. Chairman. I am delighted to join my colleagues, Senator Nelson and Congressman Conable, in supporting this nomination. In addition to all the things Senator Nelson said, Janet Steiger has been a successful businesswoman and teacher. She is recognized in the State as a woman of remarkable intelligence and understanding. She has worked also in State government, and I think she brings to this task the kind of experience, intellect, and ability that is precisely what is needed. I am just delighted to have an opportunity to enthusiastically support her nomination.

Senator GLENN. Thank you very much, Senator Proxmire. Congressman Barber Conable?

TESTIMONY OF HON. BARBER B. CONABLE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Representative CONABLE. Thank you, Mr. Chairman. Let me express appreciation for all of Janet Steiger's friends for the prompt holding of this hearing. We are thrilled she has received this nomination. We anticipate no trouble, but won't leave one stone unturned. Make use of the talents of this remarkable woman. I have known her for 14 years. Her late husband was a very close friend of mine. Her association with him alone gives her a claim on a high standard of public service. I think what my distinguished colleagues here this morning have said about her demonstrates that she has great intellectual resources in her own right.

They did not mention she is also a research associate for the Academy of Public Administration, has conducted research and evaluation into alternative systems of crisis management as part of the Rogovin study of Three Mile Island and coauthored a manual for the Bar Association on maintaining public service activities. That manual is in its third printing.

She has done this, I think, primarily in association with The Work-Place, a women's-owned private and small business consulting firm here which I suspect is one of our national resources also.

In addition to being a Phi Beta Kappa, she has a record of a Fulbright scholar and Woodrow Wilson scholarship winner. I find it amazing that such quality and so much accomplishment should be centered in one person.

I also can tell you from experience there is no issue of English literature that she can't one-up you on. I am not sure that is necessary for the Postal Rate Commission.

Senator GLENN. But it won't hurt.

Representative CONABLE. It is a pleasant irrelevance in any event. Thank you, again, Mr. Chairman, for your early and prompt consideration in confirming her in this important post. You will find nobody associated with her who will not consider it not just a matter of historic justice but of wise public administration.

Thank you.

Senator GLENN. Thank you very much, gentlemen. We appreciate it very much. Those are high recommendations indeed. Mrs. Steiger, if you would rise, we do require an oath to be taken before any questions are answered. Would you hold up your right hand, please. Do you solemnly swear the testimony you will give is the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. STEIGER. I do.

TESTIMONY OF JANET D. STEIGER, TO BE A MEMBER OF THE POSTAL RATE COMMISSION

Senator GLENN. You have submitted certain information to the committee concerning your biography and finances. Is the information provided the committee and its staff current, complete, and accurate?

Mrs. STEIGER. Yes, sir.

Senator GLENN. In answer to a prehearing question, you said that a spirit of cooperation is essential in order for the Commission to fulfill its obligations. However, for some time now there has been talk about internal strife among the present Commissioners. Do you have any views as to how you might go about fostering a better spirit of cooperation among the Commissioners?

Mrs. STEIGER. I would at the outset intend not to become a part of the problem. I think that an attention to the courtesies due each and every Commissioner would be something that I would be extremely interested in, I would hope to foster as open a line of communications between all Commissioners on issues facing them as possible. I believe in communication, I believe in cooperation. They are old words, but I don't think we can function without them.

Senator GLENN. On June 17, Canada launched Intelpost, a new international service, transmitting mail via a satellite between Toronto and London. Postmaster General Bolger expressed his regret that the United States, due to regulatory problems, was not the first to offer this service. Do you have any views on this international electronic system which can provide overnight delivery of letters back and forth across the ocean?

Mrs. STEIGER. I would like to be corrected, if I am in error, but it was my understanding, given the international nature of the system, it did not come under the jurisdiction of the Postal Rate Commission.

Senator GLENN. It does not now; that is correct.

Mrs. STEIGER. That is my understanding. As I said in my written statement, Senator, I think the case is clearly made for the Intelpost Postal Service and electronic mail. It is clear electronic mail, given the speed of telecommunications, is not going to be limited to a single country. I see no reason why the Postal Service should not be moving as rapidly as possible in this area. It is true there are serious jurisdictional problems with the FCC. A court case is pending on the Service's initial proposal for electronic mail. I would hope that this would not be a bar to active participation. Suggested resolutions include that the Postal Rate Commission could continue to regulate the delivery system and FCC the telecommunications transmission system. Barring that, should there be a real problem with jurisdiction, it is suggested that the telecommunications section of the Postal Service might have to be constructed as a separate entity from the mail delivery service section for the purposes of auditing and regulating. I take no view on either of those suggestions. I only offer them as examples. I think those jurisdictional problems can be worked out and, in fact, must be.

Senator GLENN. Do you think the Postal Rate Commission has functioned as well as it could since postal reorganization, and do you have any suggestions as to how it might operate more efficiently in fulfilling its obligations?

Mrs. STEIGER. The common complaint is the length of time. I would like to comment briefly on that issue. In the first place, they are constrained to consider rate cases under the strictures of the Federal Procedure Act. This is a time-consuming and complex business. But it is in the protection of the public interest.

I think the Commission has moved steadily toward cutting regulatory paralysis as much as they could. They have replaced the hearing officer, which has shortened the record. They have allowed written cross-examination and testimony, which shortens this procedure substantially, from what I can tell, and they have recently moved to introduce a rulemaking that is now under comment in the Federal Register, that would simplify an important area, that is the consideration of classifications of experimental services.

The rulemaking is helpful. I would note that the Commissioners themselves have said that they would prefer to go to full notice and comment procedure across the board for classification issues, but are barred from doing so without legislative remedy. I would hope that this could be considered so that the Service might be as innovative as possible in as short a time as possible while still protecting the public's right to comment and/or protest.

Senator GLENN. I think these new service experiments are very important. If you have any further comments, I would welcome them for the record. Do you care to make any further comment on the Commission's recent proposed rule designed to expedite mail classification or new service experiments?

Mrs. STEIGER. Only that I am pleased that the Commission was responsive on this matter. The Service has requested some manner of expediting these experimental services, and I think the Commission has responded, at least attempted to respond, within the constraints of the statute to that request. I would hope you can move farther ahead to the notice and comment procedure.

Senator GLENN. One of the most vexing problems in the whole postal area is that in order to assign reasonable and equitable rates to the various classes of mail it is necessary to assess the attributable costs. This has been a concern ever since this committee was given oversight responsibility for the U.S. Postal Service. I guess it would be unfair at this point just to ask what, in your opinion, should constitute an attributable cost.

We could discuss this for hours here today, I am sure. Do you have any views you can give us on that attributable cost dilemma?

Mrs. STEIGER. I would like to offer a brief comment. I want to preface it by saying the whole issue of what is attributable and what is not is an integral part of the rate case. So I am going to make my comment in the historical frame and without reference to the merit of the various ratemaking methodologies. At the initial passage of the 1970 act, it was presumed that approximately 50 percent of the costs of any mail service were attributable, depending upon volume variability.

Over the years, due to court cases which have remanded closer and closer cost attribution on the basis of cost of service, noncost factors, in determining both fixed costs and some issues of attributable costs are now given very limited consideration. I can only say that in the absence of legislative action, which has been requested by both, as you know, the Service and the Commission, the *Greeting Card* case is the law of the land and will apparently remain so through the current case. I don't know if this answers it at all.

Senator GLENN. It probably answers it as closely as it can be answered at this point. We pushed for the last—nearly 3 years now trying to get an accurate breakdown of attributable costs from the Postal Service. It is very difficult, because a lot of the expenses are general in nature. How do you break down into attributable costs on the different classes of services the salary of a man who goes out and puts the flag up and down every day? How do you break down the cost of running the building into the square footage required for different services, some of which overlap? You can continue that analysis right on down.

Mrs. STEIGER. I would like to say, having read extensively the history of the Commission, I share the keen concern of this committee and the Commission itself for as accurate as possible a cost data base. Great strides have been made. Without such a base, ratemaking still remains too judgmental and your task of deciding what level of subsidy you will, indeed, support and for what purposes is made more difficult.

Senator GLENN. That has been a real concern with this committee, I can tell you. We proposed one subsidy level that was not accepted due to the budgetary constraints under which we are operating at the present time. We got into whether there would be 5-day service or not. There were some amounts of money that were supposedly attributable to that 1 additional day of service that were not legitimate, cost exemptions, I guess we would say. You will go into this job at a time of change, as I see it. We are bordering, as I mentioned a while ago, on the electronic transfer of mail between London and Toronto.

We are going to get into more and more use of advanced technology. I think the Postal Service is going to be in the vanguard of much of this new means of transmitting information back and forth, whether it likes to or not.

There are going to be rates hooked up with it, so you will be right in the middle of it. Senator Durenberger?

Senator DURENBERGER. Thank you. I have a brief statement I would like to be made part of the record.

Senator GLENN. Without objection, it will be placed in the record at this point.

[The statement of Senator Durenberger follows:]

PREPARED STATEMENT OF SENATOR DAVE DURENBERGER

Mr. Chairman, we have before us today in the Governmental Affairs Committee three distinguished Americans who have been nominated to serve on the Board of Governors of the U.S. Postal Service, and a distinguished woman from my neighboring state of Wisconsin who has been recommended to be a Commissioner of the Postal Rate Commission. In my opinion, these positions are among the most important in our government today.

The work of the Postal Service touches the daily lives of virtually every American. I cannot think of another service, with the exception of the provision of electricity and water, in which the Federal government has been involved in developing and delivering to every part of our country. It does not matter how small the community nor how remote; the Postal Service serves it.

To carry out its essential tasks of communication and promotion of commerce, the Postal Service employs well over a half a million people, from the rural letter carrier to the Postmaster General. Its total assets are over two and a half billion dollars; total holdings of land buildings and equipment are valued at over five and a quarter billion dollars. Total volume of mail for 1979 was 99.85 billion pieces, processed through 39,733 Post Offices, branches, and stations. In short, the Postal Service is a giant enterprise. If the nominees before us today are confirmed in the

Senate, they will become Members of the Board of one of the most powerful entities in this country, and Ms. Steiger will become a member of a commission whose responsibility is to regulate that enterprise.

My constituents are well aware of the Postal Service. They write me constantly about it, and the letters are not always complementary. Therefore, I welcome the nominations of qualified individuals who might bring new vision and insight into the workings of the U.S. Postal Service.

Senator DURENBERGER. I would like to say, very briefly, that I am very pleased to have the opportunity to be here, Janet. I have not met you but I have come to know you through a lot of mutual friends I find we have. Bill was a person that I met only on a couple of occasions when I decided to run for the U.S. Senate. He was extremely helfpul to me in a variety of ways. I feel a substantial debt to your family for my being here. For that reason, I consider it an honor to be able to sit here while we are interviewing you.

I just had a note from my staff person whom you will find is a relative of one of your associates on the Rate Commission. She says, "This woman really knows what she is talking about."

I think Senator Glenn was saying about the same thing to you in complimenting you on your responses to questions.

I have only one, which is a general question, and that is, if you can articulate for me your understanding of the relationship between the Postal Rate Commission and the Board of Governors in the Postal Service as you perceive it now, as you think it ought to be, if that is appropriate. Maybe we should stick with the first part of it.

Mrs. STEIGER. A major interaction at this point is, of course, a budgetary question of the acceptance of the Postal Rate budget. I have said I think it would be in the public interest to have that budget approved through the general appropriations process. The other point of interaction is, review. I must be precise here, the Board of Governors does not review recommended decisions. The Board of Governors is 11 members, 2 of whom do not vote on recommended opinions. Nine that do vote review the recommended opinions of the Rate Commission.

I have said I think this is probably an unnecessary third regulatory layer. I think final review authority—should rest with the Commission just on the simple basis there is judicial review available to correct errors in any event. The Board of Governors cannot be expected to have the time nor the expert staff for these highly technical questions to fully review the record. I think it causes confusion in the court process because the appeal is taken from the Governors and yet the record has been made by the Rate Commission.

I say this without any onus on the Board of Governors. I think they have performed and will continue to perform a valuable service as management consultants, a corporate, so to speak, Board of Directors in the operation of the Postal Service and in reviewing the Service's recommendation for rate and classification changes.

I would submit, though, I think final authority should rest with the Commission.

Senator DURENBERGER. Thank you very much.

Senator GLENN. Thank you very much, Mrs. Steiger. I would say once again for the information of everyone here, the questions we are asking here this morning are supplemental to a very complete document which Mrs. Steiger has filled out here answering a number

of questions submitted by the committee in advance. It is available and will be made part of the complete hearing record and, Mrs. Steiger, we would ask that you also might reply to any additional questions that might be submitted by other members of the committee or staff after reviewing the transcript of the record and your original answer to questions.

Mrs. STEIGER. Of course. If I might, I would like to thank you, of course, for your courtesy. I would also like to express my deep thanks to the distinguished Senators from Wisconsin, Senator Nelson and Senator Proxmire, as well as our dear friend Barber Conable.

Senator GLENN. We were glad to have their expert recommendations this morning.

Thank you.

Next up for confirmation this morning are the nominations of Timothy L. Jenkins of Washington, Paula D. Hughes of New York, and David E. Babcock of Arizona to be Governors of the U.S. Postal Service. We are glad to have Senator Eagleton with us this morning.

TESTIMONY OF HON. THOMAS F. EAGLETON, A U.S. SENATOR FROM THE STATE OF MISSOURI

Senator EAGLETON. Thank you, Mr. Chairman. This is a happy privilege for me today to introduce some of the nominees seated before you, particularly Mr. Babcock in the middle of the trio here. Mr. Babcock has had an absolutely stoic career in business culminating as chairman and chief executive officer of the May Department Stores, headquartered in my city of St. Louis, from 1967 to 1980. May Department Stores is one of the giants in retail merchandizing, as the chairman and Senator Durenberger already know.

I think interestingly and appropriate to this confirmation process is the fact that he came to the chairmanship and position through the personnel and management route. Many times the Chief Executive Officer comes to that position through the sales route. There is nothing wrong with that, but in this instance, his background—Mr. Babcock's—was in personnel and managerial skills, and I think that background makes him preeminent for the position to which he is nominated. His biographical sketch contains a whole list of worthy civic and charitable contributions that have been part and parcel of his life.

That material, of course, is already before the committee. So I unreservedly and unhesitatingly recommend and commend Mr. Babcock to you, Mr. Chairman, and to you, Senator Durenberger, for your consideration.

Senator GLENN. Thank you very much, Senator Eagleton. I might add that Senator Javits sent word he regretted very much that, due to scheduling problems, he could not be here this morning to take part in introducing Ms. Hughes. I also will read a letter into the record from Senator Moynihan:

> It is an honor to introduce a distinguished New Yorker, Ms. Paula D. Hughes, for consideration as a member of the Board of Governors of the United States Postal Service.
>
> Ms. Hughes commands the highest respect of the members of the financial community for her distinguished work as First Vice President of the firm of

Thomas McKinnon, and certainly she is most worthy of the careful consideration I know she will receive for this position.
Signed Patrick Moynihan.

Senator GLENN. I would ask you all to rise, please, and take the oath which we do require for confirmation hearings. Hold your right hand up, please.

Do you solemnly swear the testimony you will give is the truth, the whole truth, and nothing but the truth, so help you God?

TESTIMONY OF TIMOTHY L. JENKINS, OF WASHINGTON; PAULA D. HUGHES, OF NEW YORK; AND DAVID E. BABCOCK, OF ARIZONA, TO BE GOVERNORS OF THE U.S. POSTAL SERVICE

Mr. BABCOCK. I do.
Ms. HUGHES. I do.
Mr. JENKINS. I do.

Senator GLENN. Ms. Hughes, you have submitted certain information to the committee concerning your biography and finances. Is the information provided the committee and its staff current, complete, and accurate?

Ms. HUGHES. Yes, it is, sir.

Senator GLENN. Mr. Babcock, you have submitted certain information to the committee concerning your biography and finances. Is the information provided to the committee and its staff current, complete, and accurate?

Mr. BABCOCK. Yes.

Senator GLENN. Mr. Jenkins, you have submitted certain information to the committee concerning your biography and finances. Is the information provided to the committee and its staff current, complete, and accurate?

Mr. JENKINS. Yes, it is.

Senator GLENN. Thank you. The Board of Governors takes on a multitude of duties in overseeing the operation of the Postal Service. One issue which raised a great number of comments on Capitol Hill when it was brought up, was the possibility of doing away with 1 day of delivery service. If 1 day of delivery were to be cut, in your opinion, what would be the best option—eliminating Saturday delivery, a day in midweek or some other alternative?

Mr. Babcock, we will lead off with you.

Mr. BABCOCK. I think Saturday would probably be the least onerous, certainly to business since so many offices are closed Saturday. That mail which now arrives on Saturday, in many cases, is really not worked until Monday morning anyway. So as far as business is personally concerned, I would assume Saturday would be by far the least onerous of any reduction in service.

Senator GLENN. Ms. Hughes?

Ms. HUGHES. I would, from the point of view of the mechanics, the start-up and shut-down of getting it on stream, it seems it would be better with 2 consecutive days if there were to be a cutback in service.

Senator GLENN. Mr. Jenkins?

Mr. JENKINS. Unless it could be demonstrated one of the other days could be better, I would concur that Saturday would probably be the best day.

Senator GLENN. Do you think it would have to be the same all over the country?

Mr. JENKINS. I would think for uniformity, it would probably be best to have a consistent pattern. The only exception might be in the Far West, Alaska, where certain business patterns may be different. But in the main, the 50 States would best be served by a uniform system.

Senator GLENN. We discussed at one hearing whether in farm communities it would be possible to eliminate Wednesday, Thursday, or Tuesday, however, that does cause some complications. I thought at one time it might be possible to allow different regions of the country or areas to pick the day they wanted to eliminate if it didn't cause too much trouble in the rest of the Postal Service, but we don't need to pursue that.

Do any of you have a list of the things you see as the major problems facing the Postal Service today? That is a big order. We could talk days on the subject, I know. Ms. Hughes?

Ms. HUGHES. I think there are two major problems. One is that of image. And one more of great concern, I guess is the productivity problem. I know the Postmaster General is focusing on a 3-percent increase in productivity. Last year was a minor disappointment. I feel this is a need of primary focus.

Senator GLENN. Mr. Babcock?

Mr. BABCOCK. There seems to be some real specific problems that center around the expense structure of the Service, primarily the Postmaster General's reference to the cost of the workmen's compensation, which is staggering. Any way you look at that, I gather it is, to some extent, a legislative problem that has to be cleared up in some manner. Productivity, which Ms. Hughes touched on, is certainly one. I have the feeling without being thoroughly conversant on this subject, that the Service is late in getting into the electronic communication field.

I don't know all of the problems, only what I have read in the newspaper about them. But this is something.

Senator GLENN. Mr. Jenkins?

Mr. JENKINS. As my colleagues have indicated, obviously the electronic communications field would be one of the areas of great interest. The problems are in determining what the proper role of the Postal Service would be with electronic communication. In addition to the more highlighted problems, electronic communications and finance, there seems to be lurking in the background a very major set of problems concerning personnel. And given the fact that the Postal Service is one of the largest employers in the United States, it is a very sensitive issue and one that needs to be examined with great care. There seems to be lurking within the personnel question a number of subquestions on handling women, minorities, and the handicapped in the work force of the Postal Service.

Those are the areas I would hope the Postal Board of Governors would see fit to examine in some detail.

Senator GLENN. In the area of electronic mail, which I think we are moving toward whether we like it or not, how do you see your relationship with the FCC, for instance? Who regulates what in elec-

tronic communications is a very difficult area. I don't think the Congress has really properly addressed this yet. There is not a clear-cut delineation of who has jurisdiction over what different areas. I have no answer to it. There is no yes or no correct answer to my question. I would just appreciate your views on how you see electronic communication developing in the Postal Service.

Do you think it is going to become a very major item in the next few years? Should we hold it down? Should it be under the Postal Service jurisdiction? Should it be under FCC? Could you give us any views on that? Mr. Jenkins?

Mr. JENKINS. Without playing ping-pong on the subject, I think there really is little likelihood that jurisdictional disputes will be resolved by competing agencies, each able to interpret their own jurisdiction. It seems to me Congress will have to make a determination at some point as to where the jurisdictional line ought to be drawn and then the agencies will operate within that mandate.

I don't see very clear delineations that the regulatory bodies themselves will arrive at without further guidance from the Congress.

Senator GLENN. Mr. Babcock?

Mr. BABCOCK. There is very clearly a difference of opinion at this moment as to who has jurisdiction. I was interested in Mrs. Steiger's comments on the subject. I guess from my years of experience in business, the FCC is not the place where I would rest the responsibility. That would only leave two other areas where it could be located.

Senator GLENN. Ms. Hughes?

Ms. HUGHES. I think Congress is truly concerned about the viability and, in fact, the survival of the Postal Service. It is a problem that should be addressed yesterday. Private industry will be equipped with electronic service and, in fact, to a great extent, is now chipping away at the so-called lucrative self-sustained areas, urban areas which also, of course, are part and parcel of the major part of the Postal Service revenue. The Postal Service must serve the outer regions and the less profitable area which private industry will not seek.

So, in sum, I am saying if the viable, lucrative part of the Service is to survive, we must go forward with all due haste and minimum of regulatory delay.

Senator GLENN. Do you think we are past the time when the Postal Service could be completely self-supporting or, do you think that is a goal we can attain?

Ms. HUGHES. I think it is a goal we can attain.

Senator GLENN. Mr. Babcock?

Mr. BABCOCK. I think the fact it was achieved in 1979 for the first time since 1945 is a real impressive picture that says, yes, it can be done. The forecast for 1980 is not so good, but if it was done once, with some of the other activities that are ahead of the Service, I think, would be a goal that could be achieved.

Senator GLENN. Mr. Jenkins?

Mr. JENKINS. This is a matter that has to be looked at in the context of other social service burdens that are attached to the Postal Service. With the new responsibilities for things like registration for the draft, and so forth, all being a function or a part of the mission of the Postal System, their operation has to be calculated at a cost factor which may

or may not be borne by the rates that are charged to users, as consumers.

In that context, then, cost can't be determined strictly within the confines of the balanced budget of the Postal Service, per se. It must be examined in the light of the other public services.

Senator GLENN. I was somewhat critical of the Postal Service for the figures they put out claiming a balanced budget in that one time period because that balanced budget also included a Federal subsidy which they forgot to mention too many times.

A Federal subsidy which started at $920 million per year. It was $828 million for fiscal 1980. So I think to make claims that the Postal Service is self-sustaining, you have to add a little caveat on the end, with an $828 million public service subsidy, which wasn't pointed out when it came out in the newspaper. This is a question that is unresolved yet—do we continue this kind of subsidy or do we try still for the goal of a self-sustaining Postal Service which would mean raising the rates and making it less competitive, at the same time doing what Ms. Hughes mentioned a moment ago, having to provide service of different kinds to areas where no other service can be provided. This is not what you do if you are only taking a cost-effective business approach to things.

There are some very big problems with which you will be involved—they are monstrous problems and very, very important to us. USPS involvement in electronic communications, parcel post service, and costing methodologies are but a few of the issues you will be confronted with.

Senator Durenberger?

Senator DURENBERGER. Thank you, Mr. Chairman. I have been looking through some of those questionnaires. I find it intersting that none of you three sought this job. I don't know whether that is typical of these appointments or not. But for purposes of the two or three questions I would like to ask you, I would like you too know I have strong feelings about the role of the Board of Governors here and the role of the Board of Directors generally in the corporate or other comparable institutional environment.

I don't know that Ralph Nader has the answer to these problems. He probably exaggerates a bit the stress that he places on this. I think the activities, legislative activities we have seen lately here in the Congress on the responsibility of the Board of Directors, are very important for everybody in this country to pay some attention to.

I see at least one of you, Mr. Babcock, has extensive directorships. Each of the others of you has served as a director of one kind of a corporation at one time or another.

Let me ask each of you then, first, why you feel particularly qualified to serve as a member of the Board of Governors? What is it about you and your background that is important in the direction the Postal Service should be taking?

I don't care where we start.

Ms. HUGHES. May I say, first, that my greatest pride and joy is a resident of Minnesota, my daughter. I am honored to know you.

Senator DURENBERGER. Mr. Babcock will tell you he has a home in Minnesota, too.

Mr. BABCOCK. I left there this morning, as a matter of fact.

Ms. HUGHES. I feel that, in my personal case, 18 years in finance which has incorporated the scrutiny of management capability, an evaluation is judgmental. However, I feel I have developed a certain faculty for doing that, a certain degree of astuteness. So I guess financial exposure is a credential. In addition, I am a trustee of a major university, which is innovative. I have just been made a Life Trustee. It is a small private university which faces major challenges vis-a-vis State universities. Besides requiring innovative and clear thinking and development, I am happy to be part of that effort. I am also chairman of the Executive Compensation Committee.

Prior to entering the world of finance, I had 8 years of marketing which again gave me a kind of nose-to-nose exposure with management, market development, public relations. I feel that adds something.

Senator DURENBERGER. Thank you. Mr. Babcock?

Mr. BABCOCK. Senator, I think if there is anything I feel strongly about it is the role of board of directors in the management of a corporation. In the years I was chief executive officer of a corporation, I moved the board from almost totally an inside board to a board which today is one of the top boards, certainly top boards, in my judgment, in retailing and one of the tops in the United States with a preponderance of outside directors. So in the matter of the next 3 years, it will probably be 3-to-1 outside directors.

I don't think that I could spell out any particular qualifications or any expertise that I can bring to the Postal Service. I have some knowledge of the use of the Postal Service. I have watched our department stores, 13 of them move from Postal Service delivery to small packages to United Parcel, Postal Service and back to United Parcel and I know why they did it.

I think some of that experience might be useful. Other than that, the fact that the Board of Governors work together and come from different backgrounds and experiences as we all do, I would expect that we should be able to bring some help in just total management to any organization, be it a postal service or a corporation.

Senator DURENBERGER. Thank you.

Mr. JENKINS. I noted in one of your recent reports, Calendar Report 828, issued in January of this year from this committee, that you suggested certain amendments and the criteria that ought to be examined for membership on the Board of Governors. Of the four so mentioned there, three of them are areas where I have had some experience which may be a contribution. One of the principal areas was public administration. Mr firm, the MATCH Institution, was created as a management firm to assist in solving managerial and administrative problemsf or both public and private organizations. Some of our clients have been sizeable Federal agencies, as well as those of States, cities as well as corporations of various sizes.

Another area of interest was labor relations, and I have had some considerable background in that. I originally specialized in that field in my graduate studies in law school. Since that time, I have gained additional experience in teaching public administration with a emphasis on labor relations; practical experience in both the public

sector serving as counsel to various agencies dealing in negotiations with Federal personnel procedures; and then finally in private corporations where we have revised corporate structures, personnel systems, etc.

The final area of emphasis was, in technological innovation. The current phase of my firm has its principal emphasis on assisting developing countries in the adaptation of new technological systems to their operational problems.

If I understand anything about the Postal Service, they can use that area of contribution, I don't know whether these are in any way unique abilities to contribute but, given the issues the Postal Service seems to be faced with, some of these areas of my background, perhaps may be able to make some contribution.

Senator DURENBERGER. What does each of you bring by way of time commitment?

Mr. JENKINS. I submitted a written statement in response to that question. It would seem that given the schedule of meetings at approximately one per month that somewhere between 2 and 4 days per month should be adequate. In the past, I have had various responsibilities of nonprofit and profit boards which at various times have been as large as 4 days a month. So I think that would be comfortable within the schedule I follow and I suspect that in given months, not even that level requirement would be insisted upon.

Senator DURENBERGER. The other days are necessary by way of incorporation and background?

Mr. JENKINS. From my understanding from talking to the Vice Chairman of the Board, there are mountains of material that have to be examined before the Board votes intelligently. I suspect if we get those materials in beforehand, we have to start analyzing them before we get to the Board meeting.

Whether that is daytime or nighttime hours, accumulatively, it would be equivalent to more than 1 day.

Mr. BABCOCK. I am in the process of practicing retirement. While I still have a reasonably heavy schedule with other consulting work and some other Board assignments, I don't foresee any problem in the time required from the Postal Service.

Senator DURENBERGER. Ms. Hughes?

Ms. HUGHES. I concur with 4 or 5 days.

Senator DURENBERGER. Are you informed as to whether or not the Board of Governors has the staffing ability to provide some independent advice and assistance to you in your duties?

For some reason or another, have you had an opportunity to look into that?

Ms. HUGHES. I haven't been so advised, but it would be helpful.

Senator DURENBERGER. Do you know what resources and assets are available to you as members of the Board of Governors to do your job?

Ms. HUGHES. No.

Mr. BABCOCK. I have had no contact with the Board of Governors or Postal Service.

Mr. JENKINS. I looked at the Report of the Freeman Commission, issued in 1973 on Postal Service Operations in which the recommendation was made that the Board have some independent per-

sonnel. I have no knowledge as to whether or not that recommendation was ever adopted.

Senator DURENBERGER. Thank you very much.

Senator GLENN. Mr. Jenkins, as Chairman of the MATCH Institution, which as you mentioned performs various contract services, such as research management studies for both public and private sectors, can you anticipate any conflict of interest arising from your service as a member of the Board of Governors?

Mr. JENKINS. When I reviewed that question, I examined our list of current clients and I, indeed, saw none in the past clients we had. I don't see any difficulties, except through future clients, in light of this responsibility.

Senator GLENN. If a conflict did arise, would you disqualify yourself?

Mr. JENKINS. Certainly.

Senator GLENN. Only one other question. The Postal Service currently estimates 86 percent of the cost of running the Postal Service is in labor. Any answers as to how we can cut that down and make it more economical? Obviously we all want the most economically advantageous Postal Service possible or it will be overtaken by the competition. If is a very labor-intensive industry.

Ms. HUGHES. I guess the term productivity was a very broad-brush word. I guess it sounds altruistic, but if the Service got essentially better performance, more "bang for the buck" because there was pride in serving, I think that would go a long way to improving the ratio.

Senator GLENN. Mr. Jenkins?

Mr. JENKINS. I don't know what the personnel component is. I think there are certain procedures that are in work with the collective bargaining agreements, so forth, to reduce, where appropriate, any unnecessary labor, either by attrition or other means. I think in a time of considerable unemployment that the examination and determination of how the reduction in force is accomplished is one of the public policy questions the Board will have to wrestle with in the real context in almost State-to-State, location-to-location rather then generalized fashion here.

Senator GLENN. Mr. Babcock?

Mr. BABCOCK. I guess use of more and more valuable technology is probably the only way you reduce a labor force in a labor-intensive industry and that, coupled with every effort, as Ms. Hughes indicated, in productivity. I come from a labor-intensive industry, 70 percent of their expenses are labor. We have not done too well in either reducing expenses or serving customers. I am not sure I am going to bring any great wealth of knowledge to this particular subject.

Senator GLENN. It is a very important area, and one you will have to be addressing as members of the Board of Governors.

I have no further questions this morning. Other members of the committee may have some which they may wish to have submitted to you. Staff may want some additional questions submitted after they review the transcript and further review the statements you have already given to the committee. I appreciate your being here this morning. We cannot vote on your nominations this morning, but we will do so at the earliest possible date; either by polling the com-

mittee or having a committee meeting. We thank you for being here this morning, and for your cooperation. The hearing is adjourned.

[Whereupon, at 10:58 a.m., the committee was recessed, to reconvene subject to the call of the Chair.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

STATEMENT BY SENATOR DENNIS DECONCINI FOR THE CONFIRMATION HEARING OF DAVID E. BABCOCK TO THE BOARD OF GOVERNORS OF THE POSTAL SERVICE

Mr. Chairman, David E. Babcock's long career in retail management makes him uniquely qualified for a position on the Postal Service Board of Governors.

In 1979 he became the first executive with a background in personnel and management development to head a major American retail corporation, the May Department Stores Company.

This was the culmination of a career which saw him rise in every job to a position of great responsibility, through his dedication to innovation and sound management.

Mr. Babcock served in the United States Army during World War II, attaining the rank of Major, and serving as personnel director at the Hampton Roads Port of Embarkation at Newport News, Virginia. He was awarded the Legion of Merit during his term of service.

After working in personnel with the Remington Rand Corporation for two years, Mr. Babcock joined the Gladdings Department Store as superintendent, and the Brown Dunkin Department Stores in the same capacity after two more years. In 1967 he joined the Dayton Company as their Personnel Director.

He joined the May Department Stores Company in 1967 as a vice president for organization planning and development, and as a member of the Board of Directors and Executive Committee. He was then elected Executive Vice President of the company in 1968, chief administrative officer in 1969, president in 1972, chairman of the board and chief executive in 1976, and chairman of the board in 1979.

Mr. Chairman, David Babcock's management background and retail personnel experience make him especially well-qualified to fill the position on the Postal Service Board of Governors to which he has been nominated. The Postal Service needs the supervision and guidance of persons of Mr. Babcock's background, and I hope the Committee will act swiftly to confirm his nomination.

NATIONAL ALLIANCE OF POSTAL & FEDERAL EMPLOYEES,
Washington, D.C., July 24, 1980.

Sen. ABRAHAM RIBICOFF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: It is my understanding that the Senate Committee on Governmental Affairs will soon schedule confirmation hearings on Timothy Jenkins who is a candidate to fill a vacancy on the Board of Governors for the Postal Service.

This is to request that the National Alliance of Postal and Federal Employees be given timely notice to prepare, and an opportunity to offer testimony on his behalf.

We know Mr. Jenkins to be imminently qualified for this position and our union is most anxious to support his appointment to this Board.

Respectfully,

ROBERT L. WHITE,
President NAPFE.

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